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Bachelor thesis

International business negotiations

A study analyzing Swedish SMEs negotiating on the Chinese market

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Abstract

The purpose of this thesis was to describe and analyze how cross-cultural differences affect the outcome of the negotiation process between Swedish small and medium sized enterprises (SME) and Chinese companies. The cultural differences are to be seen as the underlying factor of complications in negotiations. Therefore, do the cultural differences have a central role in this research. Furthermore, we formulated our main research question as: *how can cross-cultural differences affect the negotiation process between Swedish SMEs and Chinese companies.*

This thesis has been conducted with an deductive approach, i.e. we started our research from already existing theories, and a qualitative research method. The primary data was collected through semi-structured interviews with corporate managers from four different Swedish SMEs.

The theoretical framework for this thesis has its foundation in theories related to cross-cultural differences, negotiations styles and communication and business behavior. The data for the empirical part describes the case companies and their experience when negotiating with Chinese companies. In the analysis, we have presented a discussion of the empirical findings together with a comparison of how they correlate to the theoretical framework.

The conclusion indicates that future research regarding cross-cultural differences is to regard as a necessity, because of its increasing importance in today´s business world. Furthermore, our conclusion provides a description of the most important factors that affect international business negotiations. We believe this will be beneficial for negotiators at Swedish SMEs to use as guidance in order to be successful in their negotiations.

Keywords

Thanks

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Table Contests

1. Introduction

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In this chapter we will present the background to our research problem, which will lead to a problem discussion where we will discuss our selected research problem and shortly present previous studies made in the same field as our thesis. In the end we will present our research questions, purpose, delimitations and disposition.

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1.1 Background

Today all over the world, firms are searching for new business opportunities and new markets to enter. This is either because their home markets have become saturated or perhaps that the competition has become too intense. According to Hollensen (2014), there are different ways companies can expand their business, such as through joint ventures, sales subsidiaries, agents and indirect or direct exports. According to Cavusgil *et al.* (2013), SMEs entering new markets could face different entry barriers such as law regulations and taxes. An SME, small and medium-sized enterprise, is according to the European Commission (2014) defined as a company with less then 250 employees, a turnover of 50 million euros or a balance sheet of total 43 million euros. In comparison to larger companies, SMEs tend to have limited resources and have to adjust their strategies accordingly.

During the last years, Swedish exports to foreign countries have increased. The Chinese market, is according to Embassy of Sweden in Beijing (n.d), the largest trading partner for Swedish companies in Asia. The Chinese market has during the last years become one of the world's fastest growing markets in terms of economic growth, and the opportunities for doing business are promising. China is today, not only a market where companies establish subsidiaries but also a country where the consumer market has seen a notable development over the last couple of years (Business Sweden, 2015). Furthermore, according to statistics presented by Business Sweden (2015), the trading between Sweden and China have increased over the last year. According to statistics the total amounts of export of products from Sweden to China have increased with 4,7 %

over the last years. Moreover, Swedish exports to China accounts for 39,5 billion SEK and imports accounts for 43,7 billion SEK (ibid).

Negotiation is a process that is conducted differently around the world. Tony Fang (1999) describes in his research how negotiations are conducted differently between cultures and the importance of knowing who you are dealing with. Furthermore, the author analyzes what a negotiator should know when initiating a business negotiation with Chinese companies. Cateora and Graham (2007) state that negotiations play an important role in every aspect of doing business around the world, whilst Ghauri (1996) describes business negotiations as a process where the parties involved give and take in order to come closer to each other. The author further defines this process as voluntary and describes how the parties tend modify their offers in order to meet the other party´s expectations. Ghauri and Usunier (2003) state how misunderstandings in cross-cultural negotiations often result in increased levels of emotions. With this comes a subjective change that turns objective behavior into emotional, where personal feelings tend to be a barrier to rational decision-making (ibid).

Aspects such as culture, language and negotiation styles could have an essential impact on negotiations (Fang, 1999). Researchers as Hall (1976) and Cateora and Graham (2007) have studied different aspects of negotiation over the years, and theories such as cultural context of communications have been developed to get a better understanding of the different aspects of a negotiation process. Harris and Moran (1991) have in their research identified different characteristics that negotiators from China are more sensitive about than others. The authors claim that Chinese negotiators are very meticulous regarding formality and dress code. Furthermore, it is claimed by Salacuse (1991) how informal behavior is seen as disrespectful and how the Chinese may have second thoughts of doing business with someone, that they do not consider to be legitimate businessmen. Different behaviors during a negotiation process could affect the outcome of it and Migliore (2011) states that behavioral characteristics in one specific country does not necessary mean the same and have similar significance as it does in another culture. Salacuse (1991) stresses the importance of not offending the counterpart in negotiations, and how Chinese businessmen perceive certain aspects of the negotiation as important to different levels in comparison with western business culture such as Swedish business culture. One example of such is gifts, which is

according to Salacuse (1991) seen as normative while western culture might perceive it as bribery. Another aspect that differs between western and Chinese cultures is the necessity of a written contract (ibid). Many westerners, such as Swedish businessmen like to have the agreement in writing, in order to feel satisfied about the business. The Chinese on the other hand, relies more on trust building and commitment, which is according to Salacuse (1991) seen as the purpose of negotiation to a further extent.

1.2 Problem discussion

China is a growing export market for Swedish companies (Ekonomifakta, 2015). The Asian continent is currently larger than both North America and Latin America combined in terms of exports. Because of the rapid growth, it is to become even larger and more important in the future. Companies that want to be established on important markets in the future, should therefore look for opportunities in Asia today. However, with other nations come also other national cultures. Ghauri and Usunier (2003) identify cultural differences among negotiators as a barrier to international business ventures. As the world is becoming more globalized, it has become a necessity to be sensitive regarding cultural values when negotiating internationally (Uljin *et al*. 2001). Moreover Manrai and Manrai (2010) claim how each culture has unique negotiation styles and how it is the culture that determines the mind-set of the negotiators. Salacuse (2010) supports this statement and further explains how behavior, attitudes, norms and values all affect and influence the negotiation process.

Negotiation failures are not limited to small companies, there are many large companies that have made crucial errors with a lot of lost business as result (Lutz, 2014). One example relates to the negotiations of Simon and Schuster versus Barnes and Noble that ended up in both parties not wanting to give up their demands, with major losses as result (Lutz, 2014). There are currently companies on the Swedish market that are to be considered as negotiation consultants (Import Kina, 2015). It is clear that having access to a negotiator that understands the art of negotiation along with the culture in question is important extremely for such companies to exist. Drake (2005) describes how negotiators differ when negotiating in international markets. This further supports how important cultural knowledge is for company managers that do business internationally. Salacuse (1991) explains how large business deals always involve some kind of

negotiation process. The author acknowledges that certain deals may only require a sales pitch and an acceptance, but identifies these as parts of any negotiation process. Graham (1985) supports this and further claims how there simply is not an appropriate level of attention to the business negotiations. Aspects of culture and business communications are often referred to Hofstede and his research with socio-cultural aspects of countries. By analyzing the five cultural dimensions model by Hofstede (1991), may corporate managers get a better understanding and gain knowledge about different countries and their business culture. The Hofstede five cultural dimension model is used to study and analyze culture and business communications in different countries.

Having knowledge of whom you are negotiating with could be beneficial for managers when doing business with a foreign market. Drake (1995) claims how businessmen could exploit knowledge in different negotiation styles and communicative business behaviors, in order to affect the outcome of the negotiation along with avoiding misunderstandings. A negotiator with knowledge of foreign markets also has the ability to adapt accordingly. Harris and Moran (1989) have developed four different communicative negotiation styles and the authors argue that all over the world, people differ in how they negotiate, in terms of problem solving, trust and importance of protocol. Salacuse (1991) has also researched negotiation styles, but rather focused on how the personality of the counterpart affects the negotiation process. He defines two kinds of personalities and identifies characteristics that each of them have, that are of importance to the negotiation process and its outcome in terms of result. Salacuse (2010) further describes the negotiation process as a tool used to manage the business deal.

Edward T. Hall presented a study related to business communication in 1976. The study describes high and low context cultures and their differences and it is still today regarded as a valid theory that many researchers are referring to. The high context culture focuses according to Hall (1976) on building good and personal relationships between parties than on creating formal and written document. Furthermore, a low-context culture focus more on creating written legal documents (Hall, 1976). Different complications caused by cultural differences are defined by Harris and Moran (2011) as the opposing values of different cultures. The authors define cultural differences as the

underlying factor behind misunderstandings in international business negotiations, and how increased knowledge in this field is valuable for negotiators in international business environments. Salacuse (1991) has also researched cultural differences and defines them thoroughly in his theory of the ten aspects of negotiation styles, while the study by Fang (1999) further defines the Chinese culture.

When summarizing the previous research, is it to be seen how most authors within the subject of international business negotiation, such as Ghauri and Usunier (2003) have culture as a central aspect in their theories. Different negotiation styles and business communications are also widely discussed by authors such as Salacuse (1991) and Harris and Moran (1989), However, most previous research is somewhat more abstract in contrast to what our study aims to be. Furthermore, does not the previous research define as clearly how the negotiation is affected by the cultural phenomenon. Most other previous research talk about culture and negotiations, sometimes combined but rarely how these directly interact on operational level in negotiations. Our study aim to add valuable insights and knowledge regarding how culture, negotiation styles and communicative business behaviors affect negotiations between Swedish SMEs and Chinese companies. Our thesis will be of more practical use because the limit is to the perspective of Swedish SMEs.

1.3 Research questions

Our research question will be divided into three different parts, one main research question and two sub-research questions. The main research question is: How can cross-cultural differences affect the negotiation process between Swedish SMEs and Chinese companies. Furthermore, the aim with adding two sub-questions is to help us gain a better understanding as well as answering our main research question.

Research question

➢ *How can cross-cultural differences affect the negotiation process between Swedish SME and Chinese companies?*

Sub-question 1

➢ *How do business communication affect international business negotiation?*

Sub-question 2

➢ *How do different negotiation styles affect the negotiation process?*

1.4 Purpose

The purpose of the thesis is to analyze the affect cross-cultural differences have in an international business negotiation. The purpose is to achieve a deep and thorough understanding in how Swedish SMEs should act to succeed when negotiating with Chinese companies. In order to conduct the research thoroughly, we aim to identify cross-cultural aspects and how they are perceived by Swedish SMEs. We are also to analyze how negotiation styles and communication and business behaviors are perceived and how it affects a negotiation and its outcome. Finally we intend to provide an analysis and conclusion, that we believe will be useful for Swedish SMEs negotiating with Chinese companies in the future.

1.5 Delimitations

The delimitations of this study is to only focus on cross-cultural differences related to the negotiating process of Swedish SMEs located in Småland and Chinese companies. Therefore, the empirical data will only be gathered from company managers from four different Swedish SMEs. Furthermore, this thesis will not provide the readers with information gathered from Chines companies, i.e. the focus is only on the perspective given to us from Swedish SMEs.

1.6 Disposition

This thesis will be divided into six parts: introduction, theoretical framework, methodology, empirical findings, analysis and conclusion. The thesis will begin with an introduction chapter where we present the background to the selected research problem, followed by the problem discussion, purpose and delimitations. Followed after the introduction is the theoretical framework, in which, will we present theories related to our research subject. The third chapter of this thesis is the methodology chapter. In the methodology chapter we will present the selected methodology for this thesis in order to provide the readers with an insight into how we have gathered the empirical data needed to create this thesis. The fourth part of the thesis relates to the empirical findings, where we will present primary data in form of interviews and secondary data gathered, in relation to our selected research subject. The two last chapters of this thesis are the analysis and conclusion. In the analysis, we present the empirical findings in relation to the theoretical framework. In the end, we will present a conclusion stating our findings and recommendations for the future.

Research question

How can cross-cultural differences affect the negotiations process between Swedish SMEs and Chinese companies?

Sub-question 1
How do business communication affect international business negotiations?

Sub-question 2
How do different negotiation styles affect the negotiation process?

Theoretical framework
Hofstede:Five cultural dimensions
Salacuse: Ten factors regarding negotiations styles
Harris and Moran: Communicative negotiating styles

Methodology
Qualitative study with a deductive approach

Empirical data

Analysis

Conclusion

Figure 1. Disposition of thesis (own illustration)

2 Theoretical framework

In this chapter we will present the theoretical framework that we have selected to build our research on. The foundation of the theoretical framework will based on cultural differences, negotiation styles and communication and business behavior. The last part will include a theoretical synthesis.

2.1 Cultural differences

To analyze and gain a better understanding about cultures around the world and what characteristics that are mostly linked to a culture, has been of great interest to many researchers. Models such as the Hofstede five cultural dimensions, is used to study and analyze business culture and business communications in different countries. The cultural dimension model is a mean to help researchers understand and gain knowledge about cultural factors in a specific country (Hofstede, 2005). The model is traditionally divided into four dimensions, but over time, a fifth dimension has been added. The five dimensions are power distance, individualism, uncertainty avoidance, masculinity and long-term and short-term orientation. Yao *et al.* (2014) describe the Hofstede cultural dimension model as a "useful measuring device in cross-cultural research, the value of Hofstede's cultural dimensions cannot be disregarded, especially in examining distinctive cultural settings (such as comparing China with the West). (Yao *et al.* 2014:612)".

Furthermore, other models have been created aiming to analyze different cultures, such as the seven dimensions of culture presented in 1997 by Fons Trompenaars and Charles Hampden-Turner in their book "Riding the Waves of Culture". This model is used to gain better knowledge about people from different cultures. Another model used to analyze and gain better understanding of differences between different cultures and countries is the model created by House *et al.* (1999), regarding the global leadership

and organizational behavior effectiveness research project, i.e. GLOBE. The GLOBE study created by House *et al. in* 1991 is built upon a survey and the answers from thousands of corporate middle managers in different sectors. Furthermore the GLOBE study has according to House *et al.* (2004) been conducted through studying 61 different cultures around the world, focusing on leadership and culture. Nevertheless, Yao *et al.* (2014) state that, when comparing some of the most well-known models discussing cultural differences. The most recognized model is the five cultural dimension model by Hofstede (1991). Furthermore, Yao *et al.* (2014) state that in comparison to each other, the two models, House *et al.* (1999) and Trompenaars and Hampden-Turner (1997), the findings more or less correlates with the conclusions that Hofstede have made in his research. In the last years, however, newer theories have been developed and address similar cultural topics as the five cultural dimensions analyzes. Hofstede have created another model analyzing what affects different members of an organization, and the model has been further developed with the help of the researcher Bob Waisfsiz. The model is divided into eight differed parts: means-oriented vs. goal-oriented, internally driven vs. externally driven, easygoing work discipline vs. strict work discipline, local, vs. professional, open system vs. closed system, employee-oriented vs. work-oriented, degree of acceptance of leadership style and degree of identification with your organization (Hofstede Centre, 2015).

2.2 Hofstede five cultural dimensions
2.2.1 Power Distance

The dimension of power distance relates to what extent societies and their members tend to accept an unequal distribution of power. The fundamental issue for the power distance dimensions is related to how well different societies are dealing with inequalities among their members. According to Hofstede Centre (2015), members of a low power distance society or organization, are more likely to work towards equalizing the power distributed in their hierarchy. On the other hand, members of a low power society or organization are more willing to demand justification to decrease the inequalities of power distributions (ibid). Moreover, if the power distance is high in a culture, the less divided the power is between the different levels of hierarchy (ibid). According to Donald *et al.* (2013), members of a society with high power distance are more likely to accept decisions from superiors if they perceive the decision as

legitimate. In comparison to low power distance, decisions are more likely to be scrutinized.

A index created by Hofstede (1991), is ranking countries from a scale of 1-100. Sweden has a ranking of 31 out of 100, which means that characteristics such as independency, equal rights, accessible superiors and coaching leaders are more likely to exist. The power distribution in Swedish societies is more likely to be decentralized and employees expect to have the option to consulate with their superiors. A high level of control is not appreciated towards managers and communication between employees and leaders is indirect and participative. China in comparison to Sweden ranks 80 of 100. According to Hofstede Centre (2015), following characteristics are more likely to be identified in a culture with high power distance: subordinate superiors relationships, members of an organization are more likely to be influenced by formal authority and inequalities among employees are more acceptable.

2.2.2 Individualism

The second dimension, individualism, can be divided into individualism and collectivism. The dimension analyses how strong ties members of different societies have to other members in the same society (Hofstede, 2005). Furthermore, Drake (1995) describes indivualism as one person and collectivism as group of people. Cultures with a high level of individualism according to Lalita *et al.* (2010) tend to have individuals who don't care about other people outside the immediate family and small group of friends. A person in an individualistic family, however is often raised to think "I" instead of "we" (Velo, 2011). Members of the opposite side to individualism, i.e. collectivism, show less concern about the individual but rather on the well being of the group. Members in different groups or families with a collectivistic view, enhance strong values and loyalty between the different members of that group. Each member of a society contributes in their own way and each member is seen as a valuable. According to Hofstede Centre (2015), Sweden has a rank of 71 out of 100. This means that the Swedish people tend to look after themselves and their closest friends and family. China in comparison to Sweden has a rank of 20 of 100. By these measurements China is seen as a collectivistic country where one single group member´s personal interests are not as important as the one´s of the entire group.

2.2.3 Masculinity

The masculinity dimension analyses cultural preferences according to Hofstede Centre (2015), in relation to assertiveness and achievements. Hofstede Centre (2015) states that in cultures and societies, groups can be formed and mentalities such as feminine and masculine can be applied differently. Money, career and material rewards are characteristics linked to a masculine culture. Quality of life, modesty and caring for the sick and week are characteristics that are more common in a feminine culture (Velo, 2011). The importance lies in caring for other members of a society and a high quality of life. The fundamental issue related to the power distance dimensions is according to Hofstede Centre (2015) what motivates people in different ways. Members of a masculine business culture are more likely to pursue own personal goals, seeking to become the best (ibid).

Countries with a masculine culture favors competition and achievement, according to Velo (2011), in comparison to a feminine culture where overall welfare is more likely to be favored. Hence, in a masculine business culture are the men the ones accepting different work related challenges (ibid). Furthermore, in a masculine business culture one is not likely to see women in a high management positions of a company. Those few women, who make it to a management position in a company, tend to exhibit a more aggressive behavior (ibid). Sweden has a score, 5 of 100, on the index presented by Hofstede Centre (2015) and is seen as a feminine society, where characteristics such as equal value, solidarity and quality of life are important. Conflicts between members of one or different societies are solved through compromises. In order for a negotiation to become successful in Sweden, consensus has to been reached between the negotiating parties. No one is left behind and words as moderation are well known. China scores 66 of 100 and is seen as a masculine society where members are pursuing their own goals and strives for personal success (Hofstede Centre, 2015).

2.2.4 Uncertainty avoidance

The fourth dimension, examines according to what extend ambiguity and uncertainty affects members of a society (Hofstede Centre, 2015). The fundamental issue of uncertainty avoidance can be described as how members of a society deal with the

future. The issue relates to the fact that predicting the future is impossible. Furthermore the fundamental issue relates to, if a society should try to predict the future or should take the future as it comes (ibid). Velo (2011) states that members of a society in a country with low uncertainty avoidance are more likely to embrace changes and show more initiative. In comparison to societies in a country with high uncertainty avoidance, Velo (2011) states that people are more afraid to take risks and exploring new possibilities and ideas.

In the ranking index created by Hofstede Centre (2015), Sweden has been classified as a culture with low uncertainty avoidance. Sweden has a score of 29 of 100 on the ranking index. According to the ranking index, Sweden is seen as a country where people are not afraid of taking risks and the Swedish culture has low preference for uncertainty avoidance. China has a score of 30 of 100, which according to Hofstede Centre (2015), shows that Chinese people are seen as entrepreneurial and they are adaptable to change.

2.2.5 Long-term and short-term orientation

The fifth and last dimension, long-term and short-term orientation, was not one of the original four dimensions created by Hofstede in 1984. The fifth dimension was created by Michael Harris Bond and supported by Hofstede and added to the four already created cultural dimensions in 1991. The long-term and short-term dimensions were created to describe societies and how they maintain different links to the past, in relation to dealing with the future and present challenges. Countries with a low score on the long-term and short-term orientation dimension are according to Hofstede Centre (2015), more likely to honor old traditions and norms while countries with higher scores on the ranking index encourage thrift and for people to prepare themselves for the future. Cultures with long-term orientation focus on the future according to Velo (2011), while cultures with short-term orientation societies looks back and focus on the past and present. In the index Sweden has a ranking of 53 out of 100. China has a ranking of 87 of 100 and according to Hofstede Centre (2015) is China seen as a long-term orientation culture that its also described as pragmatic. Members of a society in China are more willing to adapt easily to different changes if the conditions have changed.

Sweden
in comparison with China*
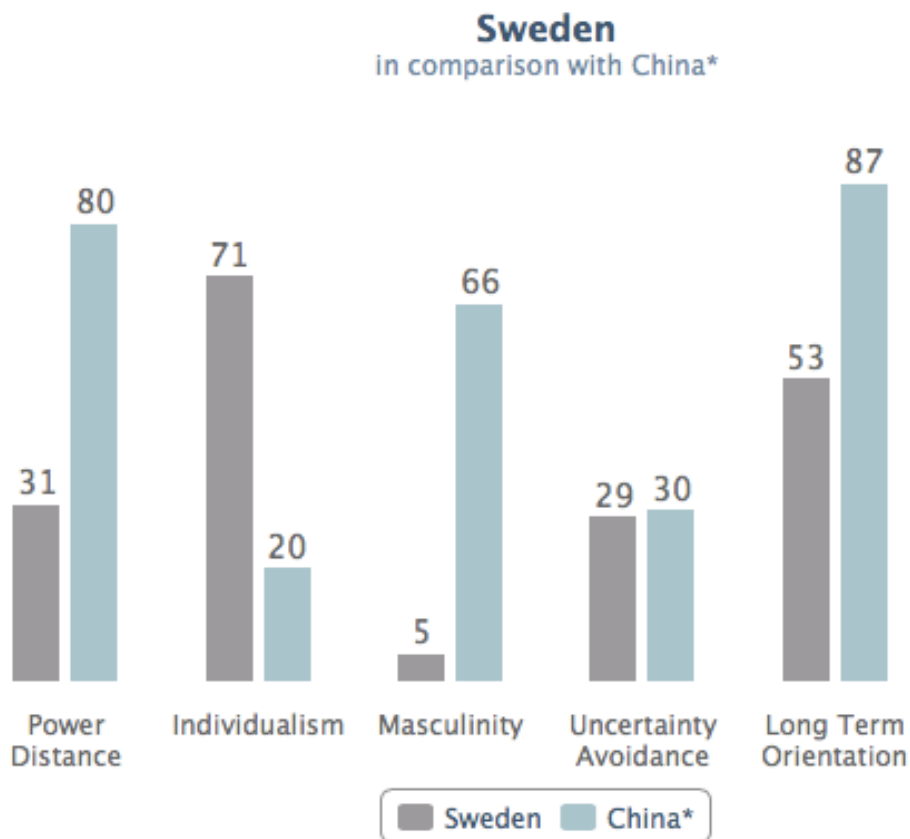
Figure 2 Hofstede five cultural dimensions by Hofstede Centre 2015

2.3 Negotiation styles

Salacuse ten negotiation factors is a theory used to analyze the different aspects of negotiation. Salacuse (1991) has in his work identified ten characteristics and defined two kinds of personalities that oppose each other in these characteristics. These characteristics are based on cultural differences and negotiation styles. Salacuse (1991) claims how differences between negotiators within these subjects may undermine the entire business venture, and how these factors affect the outcome of the negotiation. Usunier and Roulin (2010) support this statement and describe how the directness of the communication differs between cultures. The authors state the study of high- and low context culture by Hall (1976) still is relevant today, even though a lot of the business communication has turned digital since then (Usunier and Roulin, 2010). Furthermore, Usunier and Roulin (2010) claim how one can always notice the difference between high- and low context cultures, even if the business communication is conducted online.

Hall (1976) defines high context and low context cultures in his framework, where the high context cultures have a tendency to be less direct in their approach and to rely more on relationships in contrast to the low context culture. Salacuse (1991) further describes the subject and defines how certain business negotiators tend to aim for a relationship while others simply want to get the contract signed. Croucher *et al.* (2012) claim how conflicts in negotiations along with their resolution are directly related to the context of the culture in question.

Another aspect of business behaviors and networking is how Graham and Lam (2003) describe western business culture, such as Swedish culture to value networking to a high extent. However, Chinese business culture tends to value relationships even further. This is something that the Chinese call *Guanxi* (ibid). The authors claim that *Guanxi* has essential importance in the Chinese business culture and how the person with the best *Guanxi* usually comes out as the winner. However, the authors also describe how its importance is decreasing due to the increased mobility of the population along with the western influence that the Chinese market has been exposed to lately (ibid). Graham and Lam (2003) define *Guanxi* as favors being returned in terms of business, but only to people where the businessmen in question have an established relationship or a personal connection.

Graham and Lam (2003) also claim that there are differences in the business world in terms of trust building when comparing Western and Chinese business culture. In the west, one tends to trust one another, unless there is an obvious reason not to. However, in China is the basic assumption the opposite (ibid). Therefore, it can be seen why the Chinese have a tendency of wanting to do business with someone that they have a personal connection with. The authors describe how a negotiation process starts with the Chinese refer to as "no task sounding", which is finding personal links, which could be where you are from or where you went to school (ibid). The authors further describe how it is a normative business procedure to establish personal relationships with the associates of your associates and how this favor of introducing is exchanged. This can be seen in contrast to how the authors describe the basic assumption of trust in the Chinese business culture (ibid).

2.4 Salacuse ten factors of negotiations
2.4.1 Goal: Contract or relationship

Negotiation is nothing but means to and end, to a goal. Certain cultures define these goals differently. Salacuse (1991) claims how western businessmen tend to further aim for the contract to be signed, and thereafter follow the contract, while the Asians rather see negotiations as the beginning of a relationship. Salacuse (1991) further defines different perspectives of signing the contract, where the western business culture, Swedish culture, sees it as closing the deal, whilst the Asian business culture rather sees it as engaging the business relationship. These differences in culture and method of execution are of importance when it comes to knowing what to expect from the counterpart when the contract has been signed.

2.4.2 Negotiation attitude: win/lose or win/win

The central aspect of this characteristic is to what extent the counterpart in a negotiation process has your interest in mind, or only his own. Therefore, knowing your counterpart is of essential importance. An uneven balance of bargaining power in the negotiation will, according to Salacuse (1991), enable one side to further get their agenda through. The weaker party tends to see the negotiation as a win/lose situation, because they are in position where they have little control of the outcome. Salacuse (1991) claims how this is because of their dependency of the party with the stronger bargaining power, which also has means to enforce their agenda.

2.4.3 Personal style informal or formal

Salacuse (1991) defines the formality level of an executive by to what extent he addresses his business associates by their title along with how well dressed he is for the occasion in question. While an informal executive rather introduces his business associates by their first name and isn´t too afraid to get comfortable at the negotiation table. However, there are cultural differences that need to be considered, since certain cultures see the use of first names as an act of friendship, while others see it as disrespectful. Salacuse (1991) stresses the importance of negotiators appearing appropriate and respectful. The author further explains how the formality in a business relation tends to lower once the businessmen involved get acquainted. Salacuse (2010) further stresses the importance that negotiators that negotiate internationally pay

attention to not only their own words and actions, but also the impact it has on the counterpart in the negotiation.

2.4.4 Communication: direct or indirect

The extent of how direct communication methods tend to be is defined by Salacuse (1991) as how straight and in complex the message is. Facial expressions, gestures and figurative forms of speech are defined by Salacuse (1991) as indirect communication. The author further claims how it cannot be expected to get clear response, such as commitment or rejection at the initial stage in cultures with indirect communication. Würts (2005) further describes the differences between high and low context cultures and defines the low context culture as more indirect and non-verbal to a further extent.

2.4.5 Sensitivity to time

The attitude towards time is a frequently discussed matter. Salacuse (1991) claims how time is both valued and perceived differently depending on the culture. The definition of how time is valued differently is best seen in the comparison of Mexico and Germany, where the first has in its culture to habitually be late, whilst the latter are always punctual (Salacuse, 1991). When explaining differences in time perception, one ought to have a look at cultural expressions, such as the American expression "Time is money" which according to Salacuse (1991) is why Americans like to get the deal done quickly. While the opposite perception is found in Japan, where it is preferable to take the time that is comfortable to negotiate with less focus on time efficiency in business negotiations.

2.4.6 Emotionalism

The level of emotionalism or lack of, in the negotiation process has its roots culturally (Salacuse, 1991). The authors define different stereotypes; the Latin American people express their feelings extensively while Japanese tend to hide them. Salacuse (1991) stresses how the stereotypes clearly points in the right direction but the individual personality ultimately defines the level of emotionalism. "Various cultures have different rules as to the appropriateness of displaying emotions, and these rules are usually brought to the negotiating table as well" (Salacuse, 1991:66). Olekalns and Druckman (2014) stress the importance of emotions in negotiations and describe how

previous research has focused mainly on anger and happiness. The authors further claim how there has been a recent change in what emotions that negotiators use and how guilt and disappointment has been given more focus in recent studies.

2.4.7 Form of agreement: General or specific

Jensen (2000) explains the differences in what the law requires in terms of written agreement and further claims how a contract is not a necessity in China to the same extent. An argument to keep the contract detailed, as the Americans prefer to do, is that all parties involved will have a clear understanding of how every situation is to be dealt with. One the other hand, an argument to keep the contract generalized as the Chinese prefer to do, is to allow changes along the way, and to rather have trust in each other that both parties will do their best in order for the business relation to work out. According to Salacuse (1991) it is also argued that whoever holds the stronger bargaining power, is also the one that gets his contractual agreements through.

2.4.8 Building an agreement: Bottom up or Top down

The difference between negotiating an inductive from a deductive business contract is that the inductive starts with building general principles as a framework, which is preferred by the French (Salacuse, 1991). While a deductive approach rather seeks agreement on specifics which is preferred by the Americans. Salacuse (1991) presents the negotiation strategy related to the differences; with the deductive approach comes the strategy of presenting a maximum deal, with a lot of conditions that is to be negotiated off the contract by the counterpart, also known as building-down. The opposite is presenting a minimal deal, where the counterpart is to try to add conditions on the final contract that is agreed upon.

2.4.9 Team organization: One leader or group consensus

When the negotiation turns international, the question of who is in charge and makes the decisions becomes further important. This is according to Salacuse (1991) because of the cultural differences in hierarchy and the uncertainty that follows. The American corporate organizational structure is centralized, with few people having a lot of authority, while the Chinese is the opposite. Therefore, one needs to be certain of whom they are addressing and negotiating with, especially in business cultures with

decentralized organizations where it may not be as clear of who is in charge. Salacuse (1991) describes how a business negotiation between Chinese and American corporations may have a remarkable difference in the number of negotiators at the table.

2.4.10 Risk taking

Salacuse (1991) identifies certain cultural differences in how willing they are to take risks. The Japanese have been found to be risk adverse while the Americans are risk takers. One way to counter risks is by gaining as much information as possible. Salacuse (1991) further presents a strategy if the counterpart is to risk adverse and not willing to make the deal. The strategy is to propose rules and relationship commitment that reduce apparent risks for the counterpart.

2.5 Communication and business behavior

Harris and Moran (1989) claim how one can identify certain negotiation styles and use that knowledge to adapt themselves, which will in the end provide advantage. Ghauri and Usunier (2003) support this statement and highlight that knowing your opponent is essentially important. Harris and Moran (2011) claim that most negotiators have the ability to adapt, and change their negotiation style. However, the authors further claim how it is not done efficiently and extensively enough. Graham and Lam (2003) describe how foreign businessmen often read short guides of what to do and not to do when negotiating with the Chinese. These guides often states how one should make short and clear statements and dress conservatively (Graham and Lam, 2003). Harris and Moran (2011) are critical to such short cuts, and do not consider them to be sufficient enough. Quaboos *et al.* (2015) support this and claim how the importance of negotiation styles should not be underestimated.

Negotiators and negotiations differ from culture to culture and therefore have Harris and Moran (1989), developed a framework that is intended to be used in order to improve knowledge about negotiation styles. Harris and Moran (1989) identifies different communicative negotiating styles and divides them into four groups: factual, intuitive, normative and analytic negotiation styles. The authors have made the division into these four groups in order to define the characteristics and help researchers within the field to

get a deep and thorough understanding of the different approaches that negotiators around the world have to their business negotiations.

2.6 Four communicative negotiation styles
2.6.1 Factual negotiating

Factual negotiating style lays the basic assumption that facts speak for themselves. It is further described how a factual negotiator sees facts as the core and central aspect in the negotiation, which he reminds the counterparts of. A factual negotiator according Harris and Moran (1989), focuses on the simple facts in the negotiation process that the factual negotiator explains and clarifies. Graham and Lam (2003) claim how western business culture is more focused on the truths and facts, in contrast to Chinese business culture that rather focuses on the outcome of the negotiation and solution to the problem. In terms of fact and communication, the Chinese are usually less authorized and further hierarchical in contrast. Therefore, it can be described as a culture clash if the Chinese negotiator is not as extensively authorized to make own decisions as expected to be.

2.6.2 Intuitive negotiating

Intuitive negotiating style has the basic assumption on that imagination solves all problems. Harris and Moran (1989) describe an intuitive negotiator as someone that keeps switching subjects without following a reasonable agenda. The authors further describe an intuitive negotiator to be creative and as someone that comes up with a lot of new ideas (ibid). An intuitive negotiator keeps more focus on the future, and how the problem or solution is to be developed. Moreover, an intuitive negotiator is someone that often goes beyond the facts, and therefore could be seen as less down to earth, along with unfocused on the current core situation in contrast to the other negotiation styles (ibid). Graham and Lam (2003) claim how the Chinese are less argumentative in contrast to western culture, and how they therefore tend to be somewhat less logical. However, the authors describe the Chinese negotiators as further focused on the current situation along with creative in terms of solving the current problem (ibid).

2.6.3 Normative negotiating

Normative negotiating style has the basic assumption that negotiating is bargaining. It can simply be described as the negotiating style that focuses on the negotiation of price, leaving less focus to the other factors involved. In terms of this, Graham and Lam (2003) describe how the Chinese are more haggling in contrast to western business culture and its negotiation styles. The authors further describe how the Chinese do not mind a longer courting process, which could be perceived as exhausting to a further extent by western, such as Swedish business culture (ibid). It is also described by Graham and Lam (2003) how the Chinese are more indirect in their execution of business. Furthermore, Chinese businessmen prefer to use intermediaries and have a tendency to propose less concrete deals (ibid). The normative negotiation style also focus on the relation between the negotiators, with their agreements and disagreements. Other important factors in this negotiating style are status, judging and even threatening power. The normative negotiation style is also the only one, of the negotiation styles that gives focus to the emotions in the negotiation process (Harris and Moran, 1989).

2.6.4 Analytical negotiating

Analytical negotiating style has the basic assumption that logic leads to the right conclusions. The central aspect of the analytical negotiation style is arguing and promoting the business in question. It also focuses on putting everything in the right order, along with weighing the pros and cons. Harris and Moran (1989) claim the analytical negotiation style to be thorough and analytical in its execution of the negotiation. In terms of reaching results, Graham and Lam (2003) highlight how Chinese are more focused of the longer perspective on contrast to western culture, such as the Swedish business culture. It is claimed that Chinese negotiators are used to questioning in the negotiation process in order to forge a successful long-term relationship and how the Chinese therefore are less impatient and more enduring (ibid).

2.7 Theoretical synthesis

Theoretical synthesis is a model used as a tool for researchers to explain how the selected theories are connected to each other along with the subject in question. In order

to increase the readers understanding, we are to explain each theory´s connection to the main subject and the relation between the theories in a model. Cultural differences play an essential role when negotiating in international markets, since certain cultures entail specific negotiation styles and business communications. The cultural aspects are therefore directly affecting the international business negotiation. Furthermore, cultural differences, negotiation styles and communication and business behavior are all parts that affect the international business negotiation and are therefore linked to each other.
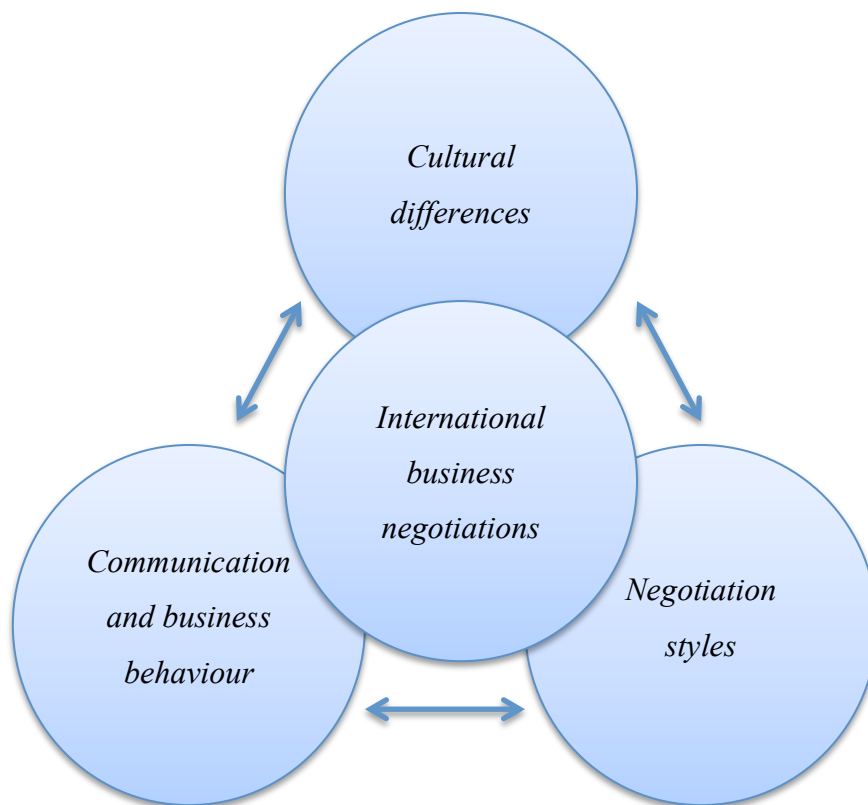
Figure 3 theoretical synthesis (own illustration)

3 Methodology

In this chapter we will present the methodology of the thesis together with an explanation of our selected research approach and research method. Furthermore, we will present how we have collected our data followed by an operationalization, selection of case companies and quality of research

3.1 Deductive approach

Research methodology is, according to Ghauri and Gronhaug (2010), the relationship between theory and different practical perspectives. When gathering and analyzing information, there are three different approaches researchers can use to link theories with empirical findings, namely inductive, deductive and abductive research approach. A deductive approach has its foundation in already existing theories (Patel and Davidsson, 2003). Furthermore, a deductive approach is according to Alvesson and Sköldberg (2008) seen as an approach where the risks could be lower in comparison to an inductive approach, i.e. by using a deductive approach, the research will be based on already existing theories, not hypotheses. To conclude, a deductive approach is seen as perhaps the most common way for researchers to link theories with empirical findings (Bryman and Bell, 2005). In contrast to a deductive approach, is the inductive approach, which is, according to Patel and Davidsson (2003), used when researchers want to add or contribute to already existing theories. New theories are created and based on the results made by the researchers in their study. Ghauri and Gronhaug (2005) describe an inductive approach as when researchers make general conclusions by conducting different empirical observations. The third approach, the abductive approach, is according to Bryman and Bell (2005) a combination of deductive and inductive approach, where researcher are going back and forward between a theoretical view and empirical view during the research process. In this thesis we have decided to work with a deductive approach, i.e. we are building our thesis on already existing theories. A motive for selecting a deductive approach to our research problem is that the

selected research subject is already quite well-known and have to some extend already been studied before by other researchers. Furthermore, another reason for selecting a deductive approach in this thesis is that we as researchers, already have previous knowledge regarding our selected research which does not correlates with a deductive approach, rather a inductive approach.

3.2 Qualitative method

According to Merriam (1994), there are two different research methods to be used when conducting research, either a qualitative or quantitative research method. A qualitative research method is based on information gathered and analyzed through personal interviews and observations (Patel and Davidsson, 2003). Moreover, Bryman and Bell (2011) state that qualitative research method is interpretive and has a connection to an inductive approach. Furthermore, a qualitative research method emphasis more on the words that are spoken during interviews and observations than on the quantification in the gathering process and the analysis of data (Yin, 2014). A qualitative study follows, according to Bryman and Bell (2011), a predetermined set of steps that the researcher goes through during his research, namely, creating general research questions, the selection of relevant locations and people, data collection, data interpretation, conceptual and theoretical work and a report on the results and conclusions. On the other hand, a quantitative method is according to Yin (2014) a method that is based on numerical data, collected through surveys and test groups. Furthermore a quantitative research method has in contrast to the qualitative a greater focus on quantification of numbers.

In this thesis a qualitative method will be used. A reason for selecting a qualitative method is that this thesis will be based on information gathered through interviews with representatives from different Swedish SMEs. Furthermore, a decision was made not to use surveys, statistics or focus groups, which are typical methods for gathering information in a quantitative study. To summarize, this thesis was conducted through the use of a qualitative research method with personal semi-structured interviews, with company managers from four different Swedish SMEs, located in Sweden currently active on the Chinese market. According to Merriam (2009), by conducting personal interviews, the researcher can create a result that is unique, since during an interview,

the researcher can observe and analyze the answers that the respondents give in another way than what would have been possible when using a quantitative method.

3.3 Data collection

According to Yin (2011), there are two different techniques researchers can use to collect data, which are primary data and secondary data. If researchers are using primary data as their main focus of gathering information, they are building the research on information gathered through interviews, discussions and observations (Bryman and Bell, 2005). The information gathered through primary data is something that researchers have gathered themselves personally. Secondary data is according to Olsson and Sörensen (2011) information presented and gathered by someone else. Example of secondary data is information published in literature, describing different theories or problems, scientific articles published in different journals, magazines and online sources from the Internet. There are differences between primary data and secondary data and one of the differences is according to Patel and Davidsson (2011), that secondary data is information gathered by someone else in another purpose then what is currently studied. By collecting primary and secondary data researchers may face different risks, which could have a negative impact on the research. Merriam (1994) stresses the importance of selecting the right kind of sources with high quality. By examining the sources before referring to it, the risk of building the study on unreliable and untrustworthy sources decreases. If the selected research problem is too common, there are often information already gathered and presented in different sources such as in textbooks, scientific articles and on the Internet. This thesis, we will based on both primary and secondary data. The primary data that was used in this thesis was gathered through conducting personal interviews with representatives from four Swedish SMEs located in close proximity to Kalmar, Sweden. The secondary data used in this thesis, was gathered from reliable and trustworthy sources, such as from the university library and the data gathered was used as a foundation to our theoretical framework. The reason for working both working with primary data and secondary data is because the subject we have decided to study is relatively well-known, which makes it easier to find reliable and trustworthy sources

3.4 Structure of interviews

Merriam (2009) defines interviews as the normative way of conducting qualitative research. The author describes three kinds of interviews: structured, semi-structured and unstructured interviews. Structured interviews are also known as standardized. The questions are clear and leave little space for the respondent to add his or her own input. Semi-structured interviews are more flexible and open. It gives the respondent a chance to add valuable input, but may make the answers less comparable. Unstructured interviews are completely open and allows for an exploratory approach. However, since there is no structure, it may not be a possibility to compare the answers from other unstructured interviews (ibid).

The conducted interviews in this thesis, are semi-structured, due to the fact that we foster comparable answers without losing or missing valuable input and experiences from the respondents. A completely structured interview does not allow follow up questions, which we argue would be disadvantage in our thesis. Furthermore, by conducting completely structured interviews, we would loose the possibility of getting relevant and interesting insights and further analyze thoroughly. The first three interviews were conducted on April 30th, 07:00, 10:00 and 15:00 and the fourth was on the May 11th at 10:00. We did not set a strict time schedule since we did not aim to cut off the respondents in their "spin offs" and follow up questions that a semi structured-interview allows for.

3.5 Operationalization

Operationalization is according to Ryen (2004) used to help researchers to connect their selected theories to the empirical data, that have been gathered by interviews and observations in relation to the research problem. The questions that are created for the interview guide should be connected to the selected theories in order to be useful for the researchers (ibid). The main focus of our research is to analyze cultural differences in a negotiation process and what affect it can have on the outcome of a negotiation. Our research problem is to be analyzed from the perspective of a Swedish SME in order to get a deeper understanding of how Swedish company managers perceive negotiations with Chinese companies.

Our main research question is how can cross-cultural differences affect the negotiations process between a Swedish SME and Chinese companies. In order to break it down and make the study more thorough, two sub research questions were added. These included communicative business behaviors and negotiation styles. We have related these two sub-questions to the cultural perspective as defined by the main research question and used additional articles from different time periods, in order to get a deeper understanding of the ongoing development. The interview guide was designed to include four different parts. However, in the operationalization model, we have excluded the part regarding the six introduction questions and only presented questions related to our research problem. The first part of the interview guide includes six general questions related to the company profile and along with a personal description of the respondent´s background and qualifications. The second part of the interview guide consists of ten different questions, all related to our main research question, cultural differences, perceived from the respondents personal experience. Furthermore, the third part includes seven questions related sub-question two, negotiations styles, also answered from the perspective of the respondents personal experience. In total our interview guide includes 30 semi-structured questions.

Research questions	Theoretical Framework	Main References	Questions
RQ 1	Cultural differences	Hofstede (1991) five cultural dimensions	7-16
Sub-RQ 2	Negotiation styles	Salacuse (1991) ten factors related to negotiation styles	17-23
Sub-RQ 3	Communicative business behavior	Harris and Moran (1989) four communicative negotiation styles	24-30

Figure 4 operationalization (own model)

3.6 Company selection

In order to find and select the right kind of companies, we started by identifying three different criterias. The first and perhaps the most important criteria, is that all companies have to be classified as SMEs, i.e. small and medium sized enterprises. The second criteria are related to where the company is located. We decided to narrow our search for company managers in companies located in close proximity to Kalmar, Sweden. This criteria relates to the fact that if we should have any follow up questions it would be easier for us to arrange a second personal interview. The third and last criteria relates to the need of interviewing companies that actively are dealing with the Chinese market in some way.

3.6.1 Check Point China

Check Point China was founded in 2007 by Andreas Fälth, who is also the current CEO and owner. The company´s business is to consult their clients when doing business with China, which involves mainly negotiation and quality control of the products before they are exported to Sweden. Check Point China started out as a quality control service company within the bearing industry. They have now expanded and are more to be seen as an important consultancy. Check Point China is currently also offering services within negotiations, legal advice, factory inspections, transport management, function testing of industrial products and consulting in engineering. Their clients business is mainly in the manufacturing industry. Check Point China is established with an office in Nässjö, Sweden and facility in Cixi that employs 25 people (Check Point China, 2015).

3.6.2 Cellwood Machinery

Cellwood Machinery was founded in 1913 and has a long tradition of providing their customers with high quality products within the pulp and paper industry. The company is seen as one of the leading companies worldwide when it comes to providing customers with machines for dispersing of waste paper. The first machine Cellwood Machinery produced and sold was delivered to a mill in 1973 in Italy. The main

business for Cellwood Machinery is to manufacture, develop and supply different systems and machines used in the paper and pulp industry around the world. Some of the most well known brand that Cellwood Machinery produces is Grubbens, Algas and Krima. The company has around 45 employees and the head office is located in in Nässjö Sweden. Cellwood Machinery also has offices in cities around the world, such as Shanghai and Toronto (Cellwood Machinery, 2015).

3.6.3 Norden Machinery

Norden Machinery was founded in 1977 in Kalmar, Sweden, and it originates from the company Arenco founded in 1877 in the same location. In 2008 Norden Machinery became a part of the Coesia group from Italy. Today all around the world Norden Machinery is well known for their high quality tube filling machines and holds customers such as L'Oreal, Unilever and Johnson-Johnson. Every machine Norden Machinery delivers is customized to fulfill all the needs of their customers. Nowadays, Norden Machinery has 225 employees located in Kalmar and they are active on several markets worldwide, such as the European market, American market and the Asian market. In total the company exports around 97 % of all manufactured machines to foreign markets (Norden Machinery, 2015)

3.6.4 AB Skanditrä

AB Skanditrä was founded in 1941 and has its head office in Kalmar Sweden. The company has today eight employees working in the head office in Kalmar, 25 employees in their factory in Hungary and almost 25 employees working in different places around the world. The company's main business is to import and exports hardwood products to their customers all around the world. Today, AB Skanditrä exports around 45 % of the total sales to the Asian markets and their biggest customers is located in Malaysia. Peter Mellstand is the current CEO and former owner of the company before he sold it in 2008 to a Finish company (Mellstrand, 2015).

3.7 Quality of research
3.7.1 Reliability

Bryman and Bell (2007) defines the reliability as whether or not the results can be repeated if the study was to be conducted again. However, the authors stress the

importance that the circumstances need to be the same in order for the results to be the same. Heiman (1999) argue that a reliable study is consistent without errors in its measurement. However changes that affect the business, such as currency appreciation or depreciation may cause changes to the profitability levels. Therefore, the willingness of the negotiators to do business may change along with the priority and attitude towards the particular negotiation. Yin (2009) claims how reliability measures the trustworthiness of a certain method or way of execution. The author further explains how researchers conducting the same study without any differences, should receive similar results if the studies were reliable. In order to enhance and achieve a deeper contrast, we intend to put direct statements in the analyzing chapter and relate these to our theoretical framework. This is something that Oliver (2011) believes it to be of extra importance in qualitative studies. The interviews are to be recorded, as Silverman (2001) claims enhance the reliability. We believe it to be important to record the interviews, because direct statements are to be used and therefore, we aim to avoid misinterpretations by relisting to the interviews. We argue that our research is to be considered as reliable, however with a quickly globalizing world comes more integration between the cultures. Therefore it is likely that we may find ourselves in a future with greater understanding for each others cultures. Figuratively speaking, it can be seen as cultural barriers being torn down. Moreover, the results might change the importance of studying different cultures.

3.7.2 Validity

Ghauri and Gronhaug (2010) describe how a study has to measure what it claims to measure in order to be considered as valid research. Merriam (1994) defines internal validity as the extent the researcher makes conclusions from the research that is related to reality. This means that the closer relation and correlation the study has to reality, the more valid it is. A research without strong ties to reality is therefore considered to be less valid (ibid). Yin (2009) further defines internal validity as: "Seeking to establish a casual relationship, as distinguished from spurious relationships" (Yin, 2009:46). External validity determines to what extent the research is applicable during other circumstances and in other situations. External validity can also be defined as how general the study is in their application and use. Fisher (2007) explains external validity as the ability to reproduce the study, during different circumstances and still receive

similar result. That would with the same guideline, according Fisher (2007) define the applicability of the research as wide and general. Yin (2009) also defines external validity but instead as: "Defining the domain to which a study´s findings be generalized (Yin, 2009:46). Since our research is based of four interviews, with companies from a variety of branches, we believe that our research has a wide selection as the basis of our research. Another factor that we argue is making our research more valid, is that we have interviewed negotiators that both sell and purchase in China. Therefore will the differences between these transactions be part of our analysis, allowing us to evaluate the differences and exclude factors that are only part of sales negotiations or purchasing negotiations by the Swedish company. Therefore, we argue that our research is general and has high validity.

4 Empirical findings

In this chapter we will present our primary data, which have been gathered through personal interview with managers from different Swedish SMEs. The interview guide is presented separately in Appendix 1

4.1 Check Point China

Anderas Fälth is the CEO and founder of the company Check Point China. Along his career, Fälth has for several years, negotiated with companies from both China and Russia and therefore is very skilled when it comes to negotiations.

4.1.1 Cultural differences

When it comes to cultural differences, Andreas Fälth (2015) believes that the largest difference between how business is done in Sweden compared to China could be summarized into two words, common sense. To clarify what he means, Fälth (2015) states that, in Sweden when we are doing business, we take minor things for granted. But when we are doing business with Chinese companies, Fälth (2015) states that you have to be extremely clear in all that you say so there are not any misunderstandings. Another difference between how we do business in Sweden and China is according to Fälth (2015) related to cultural differences. In Sweden, we are very good at solving problems. Fälth (2015) states that for example when a blueprint comes from management to the employees on the floor and they realized that the measurements are incorrect. Before they start producing the product, the small errors are adjusted before they start production. In China if the employees receive a blueprint from the management, they follow the blueprint without question it. Furthermore, Fälth (2015) describes a case that happened when he was consulting for a company in Denmark to clarify a cultural difference. The company was at that time, completing a trial

production for a product that they manufactured in China. At this time people where still using fax machines. So therefore, when the employees in Denmark got the fax number, they had to write it down somewhere and put it on the blueprint so they could remember it. After that they faxed the blueprint to China. A couple of weeks later, the test products arrived in Denmark and they realized that the manufactures in China had imprinted a bunch of numbers on the products that they could not understand why. After a while, they realized that the Chinese had imprinted the fax number that they had written down on the blueprint in order not to forget it (Fälth, 2015).

According to Fälth (2015), it is hard to say what clearly separates Sweden from China in terms of cultural differences, but one thing mentioned by the respondent is that we do business in two separate ways. In Sweden, employees are more allowed to commit to a deal than what they are in China. In China, it can be more difficult to figure out who is the decision maker in a negotiation process. Furthermore, according to Fälth (2015), the Chinese are very segmented in their business, which sometimes makes it difficult to work with them. The Chinese follow a strict hierarchy and they are often seen as individualistic, i.e. they think "I" instead of "We". It is one person who decides and the other people are to follow his decision. The other people are just "paper pushers". Different motives and triggers is something that could affect the outcome of negotiations. Money is according to Fälth (2015) the most important motive for Chinese people in their negotiations. People in China, are encouraged and strive to earn more money in a different way than we do here in Sweden. In Sweden earning a lot of money is seen as greed but in China money is seen as a striving force that encourage people to work harder. Earning money in a fast way may involve certain risks. Fälth (2015) states that Chinese people are more likely to take risks in their projects when compared to Sweden. For example from Fälth´s (2015) own experiences, in China it is not as common to do calculations before a project to the same extent as in Sweden. Chinese companies tend to guess more in the beginning of a negotiation before they actually receive the first order. Then they go into more on detail regarding calculations and prices, which could be seen as a great risk.

According to Fälth (2015), keeping up with traditions and knowing where you come from is important to a Chinese person. In their negotiations, Chinese people are very proud and do not appreciate to be offended. Creating a relationship with the counterpart

in a negotiation is of course important but the relationship that the Chinese have with his own family is of greater importance. Of course business is business, but if you already have a relationship with your counterpart, it could have a positive impact on the negotiation (Fälth, 2015). In comparison to Sweden, a negotiation process in China differs to some extent. For example, in Sweden if we have a meeting where we are to discuss ten issues, we will go through each issue one by one discussing it and try finding a solution for it. In China however, if a problem occurs, the Chinese negotiators will pause the negotiation and send his employees to find a solution to the problem right away. This kind of behavior might enlarge the negotiation process in terms of time as Fälth (2015) mentions.

4.1.2 Negotiation styles

Fälth (2015) claims how Chinese companies tend to send a low level employee as a representative for the negotiation. Fälth (2015) finds this to be negative and explains how it is better if it can be avoided. A low level employee is often referred as a "paper pusher" and the respondent further explains how the paper pushers usually have no negotiation authority. Instead they have only been given a number that they are not allowed to go above or below by their superiors. The Chinese are more willing to take risks, however from the Swedish perspective they might not be as willing to keep their promises in case anything was to go wrong (Fälth. 2015). The respondent further states that Chinese tend to keep more focus on their own profitability than the Swedish company. That is, they care less about your business and more about their own, in comparison to what one could expect if the counterpart was Swedish. Therefore, one has to put your own interest as first priority when negotiating with Chinese companies (Fälth, 2015).

Fälth (2015) explains how the negotiations with China tend to be longer and more exhausting, in comparison to what one could expect when negotiating domestically. The respondent further explains how should not be considered as accepted even if the Chinese negotiators says so. The Chinese have a tendency to say yes to everything, even unrealistic offers (Fälth, 2015). He further claims how one should not consider the business executed until it has been clearly accepted by either the owner of the company or someone authorized from top management.

Furthermore, Fälth (2015) explains how Chinese do not express emotions extensively, but when they do it is almost always a little act just to persuade the Swedish negotiator. He further defines the Chinese manager as somewhat less formal than the Swedish manager and less willing to write formal documents. However, the respondent acknowledges that the Chinese are willing to make commitments but only if it comes from an authorized manager or the owners themselves. Fälth (2015) stresses the importance of never claiming that the Chinese have done anything wrong, especially in front of their boss. Instead, he explains how it is better to put your own idea of solution in the mouth of the Chinese, that is leading them onto the right track but letting he they come up with the solution. The respondent claims how it is extremely important that the Chinese never lose face, and how they will be more willing to work with you if they gets the credit for the solution to the problem in question.

4.1.3 Communication and business behavior

Fälth (2015) claims how Chinese communication is less direct and explains it using a metaphor: " -If a man is reading the newspaper with the window open, and the wife is cold. She is then more likely to let him know that she is cold, in order to make him understand that she wants him to close the window. In contrast, the man is more likely to directly ask for what he wants" (Fälth, 2015). The respondent further claims how Chinese tend to communicate more like what from a domestic perspective is feminine. Fälth (2015) explains how it is a necessity to repeat yourself when negotiations, and how one cannot repeat themselves too much. He further claims how the Chinese have a tendency to take everything too literally and therefore the challenge is to get him to understand your full intentions.

Fälth (2015) explains a difference that he considers is of vital importance when trying to solve a conflict with the Chinese. He claims how Swedish people are focused on searching for the truth while the Chinese rather focus on solving the problem in question. Therefore, the Swedish people tend to be seen as accusing from the Chinese perspective and making a Chinese losing face will have negative consequences on the negotiation. Fälth (2015) further considers Chinese to be less logical in their arguments and decisions, mainly due to the fact that they do not calculate as thoroughly in contrast to what one would have done if they company was Swedish. In terms of facts, statistics

and numbers, the Chinese are simply less interested. They tend to say yes to most things, just to get the negotiator to submit an offer and it is not before then that they actually look through the numbers (Fälth, 2015). All communication and contact before the actual offer is likely to be held with "paper pushers" without authority enough to conduct business, but only to initiate contact and try to get the business relation established. However, the respondent once again stresses the importance of knowing that the paper pushers only are there to ask for unreasonable numbers, in order to hopefully get a few sales. The Swedish businessman that wants to make profitable business needs to negotiate with the owners or authorized managers. Fälth (2015) further claims how the Chinese are very unlikely to question their superiors; they are simply doing what they are being told. He explains how this sometimes can be a problem, since great ideas from the employees on an operational level never reaches the ones in charge.

The respondent claims how the Chinese will take almost any opportunity given to earn profit and how they see little to no difference between spare time and work. He further explains how Chinese would use a situation to their own advantage in case they were to have a greater bargaining power i.e. if Swedes were to be dependent on the Chinese for any reason. Fälth (2015) describes the Chinese as friendly and wanting to build a relationship regardless if business is to be conducted immediately or potentially later. They tend to go back and forth, making it seem like they are somewhat unfocused, whilst they in fact are very focused on the solution, but not on all the other aspects that in many cases matter too (Fälth, 2015). In terms of sensitivity to time, Chinese have all the time in the world, which is something they know Swedish businessmen usually don't (Fälth, 2015). Therefore Chinese sometimes tend to loiter the negotiation to fatigue Swedes in order to get them to accept an offer more quickly.

4.2 Cellwood Machinery

Kaj Trymell is an international sales manager at Cellwood Machinery with 30 years of experience in the paper industry. Trymell started working for Cellwood Machinery in 1984 for the construction department, and then moved on to marketing. Trymell is now in charge of sales on the Asian market and has gained a lot of experience dealing with Chinese companies as responsible for the Asian market. Trymell used to travel approximately eight times annually to China to negotiate with companies wanting to

buy their products. Today Cellwood Machinery has more than 150 units supplied to the Chinese market and also a local office with five employees.

4.2.1 Cultural differences

Cultural differences are something that one has to take into consideration when working with Chinese companies. Trymell (2015) states that from his personal experience there is several differences between how we do business in Sweden compared to how they do business in China. To clarify what he means, Trymell (2015) describes that one time during a negotiation with a Chinese company for a specific contract, the Chinese company had gathered several other firms in the same room together with Cellwood Machinery, and started negotiating with all the firms at the same time. The reason behind this business behavior, is according to Trymell (2015), to play out the different companies with each other, in order for the Chinese company to get the cheapest price. This is something that would never happen during negotiations with a Swedish counterpart, since the meetings in Sweden are with one company at the time (ibid).

Another cultural difference the respondent has encountered during negotiations with Chinese companies is regarding their work ethics, especially time ethics. He explains that if the meeting is set to start in China at 10 am on Monday morning May 1:st, it is not even sure that the meeting will take place on that day. The meeting could instead have been moved to another time and another day. The aspect of time is something that Trymell (2015) expresses to be difficult to handle when dealing with the Chinese. When it comes to how we do business in Sweden compared to China, Trymell (2015) states that Chinese negotiators follows a very strict hierarchy. Sometimes, during a negotiation process Trymell (2015) says that it is hard to get the right people to attend the meeting. Furthermore, Trymell (2015) states that it is only the person who is at the top of the hierarchy that can make decisions. A benefit that is important to have when dealing with Chinese negotiators is according to the respondent a connection or a relationship with someone high up in the hierarchy. Dealing with Chinese people isn't always that easy according to Trymell (2015), in comparison to Swedish people. Chinese people often tend to see themselves as "world champions". For example, if a person switches position within a company, they usually take the information that they have learned in their former position and use it to his/her advantage. Furthermore, Trymell (2015) states that he sees Swedish people as a "we" thinker instead of an "I" thinker. Money is

something that according to the respondent Chinese people is very driven by. If they get a better offer somewhere else, they will probably change position or job.

When it comes to risks within cultural differences Trymell (2015) describes the Chinese as people who are more willing to take risks. Moreover, Trymell (2015) states that Chinese people tend to act very fast and use machines that they have bought in a bad way. They are running the machines too hard just to earn more money instead of thinking what is best for the machines. Compared to Sweden, Trymell (2015) believes that Chinese negotiators "play the game" much harder than we do in Sweden. It is hard to know if what they are saying is the truth or if they are trying to play us. One of the most important things to remember when dealing with Chinese negotiators is according to the respondent, to get them to believe that everything they are saying is the right thing. If you succeed getting them to believe that they are right, the negotiations will go easier.

When it comes to relationships between different negotiators Trymell (2015) believes that Chinese emphasize more on creating a relationship between the negotiators than what we do in Sweden. As an example, Trymell (2015) state that if you have a relationship with someone that you are trying to do business with in Sweden, and invites that person to dinner or lunch before the meeting, it could be seen as a bribe in other people's eyes. However, inviting someone to lunch or dinner in China only strengthens the relationship and ensures a better negotiation process. If you have a relationship with someone that you are negotiating with, you will have an advantage, namely access to information that you wouldn't have if you didn't have a relationship with your counterpart.

4.2.2 Negotiations styles

Trymell (2015) explains how negotiations usually start with a purchasing manager and how the communication is rather quickly transferred to the CEO or owner if the business in question involves a lot of money. The respondent sees the purchasing manager as nothing but a step to the decision maker, and how the decision maker in many cases is not involved from the start. In terms of the Chinese willingness to take risks when purchasing, Trymell (2015) stresses how Chinese tend to be tough in negotiations when discussing risks and how it is always preferred by them to let the

Swedish company take all the risks in the deal. The respondent further claims how negotiations in general are longer in China, and how the final price tends to differ extensively from the original asking price. Trymell (2015) stresses that Chinese businessmen in general are better negotiators in comparison to Swedish businessmen, simply because they ask for more and are tougher in their negotiations. He further claims how they are more concerned of their interests and how it is a necessity to keep your own interest as first priority when in business with the Chinese. Trymell (2015) highlights how formality is less important in China, and how wearing a suit is not a necessity. He further explains how Chinese negotiators have a tendency to leave the meeting without clearly letting the Swedish negotiator know that he is not coming back. In terms of emotions, the Chinese are according to Trymell (2015) very keen on showing how they always want a better deal, regardless of what the offer is. The respondent claims how this is nothing but an act from the Chinese, it is simply something they do trying to implement that they want a better offer. Trymell (2015) claims how there are only minor differences in the willingness to put the commitment in writing. However, he feels that they are less willing to put the commitment in writing when the Chinese are selling to Sweden, but acknowledges that he is mostly selling, and not buying as much in his business with China.

4.2.3 Communication and business behavior

Trymell (2015) claims that Chinese express themselves directly when in negotiations regarding a purchase. The respondent has not experienced indirect communication to be an issue with Chinese businessmen. However, when not agreeing in a negotiation, Chinese tend simply to leave the negotiation table and not come back. This is something that Trymell (2015) has experienced on a regular basis. Even if not disagreeing, Chinese still tend to take short breaks repeatedly and negotiate in short sequences. The respondent claims how this is in order for them to get approval from the manager in charge regarding the progress of the negotiation. Trymell (2015) explains the differences between Swedish negotiators and claims how he has a tendency to give more proposals during the interview, whilst the Chinese are not really allowed to do so because of the stricter hierarchy. Trymell (2015) further explains how it is always a benefit to be friends of someone in a company. Both because the Chinese value friendship and relationships when doing business but also in order to get some inside information of what is that are going on. The respondent does not want to call it spying,

but acknowledges how it is somewhat close to spying, but he stresses the importance of keeping both the business relation and the business negotiation professional and respectful. He further claims how negotiations in China have a tendency to get stuck more often than what would have been the case in a similar negotiation in Sweden. He stresses the importance of being excessively clear about everything. However, regarding facts and statistics in the negotiation, does he not perceive that there is any difference when the Chinese are purchasing. Trymell (2015) further claims how the Chinese are more likely to exploit a situation where one of the parties is more dependent on the other. In such case, the Chinese would use it to their advantage to increase the price. Trymell (2015) defines the Chinese negotiators as more tortuous than their Swedish counterparts. However, he claims how it is much easier to purchase than to sell in China. To sum up, what a negotiator needs to be in order to succeed can be stated in three words, patient, patient and patient (Trymell, 2015). He further describes how he offers different prices between China and Sweden, even though if all circumstances are the same. The difference in pricing is solely due to the fact that negotiations with Chinese are based on more and lower counterbids and therefore he needs to start higher in order to end up at the same price level.

4.3 Norden Machinery

Hector Voicu is an area sales manager for Norden Machinery and has worked with and negotiated with representatives several markets around the world. Before joining Norden Machinery, Hector Voicu worked at Läckeby Water Products with international sales and he is to be considered as a veteran in the field of business negotiations. Coming to Norden Machinery, Hector Voicu brought with him several years of experience and different talents such as being able to speak several language such as English, French, Spanish and Italian. As a sales manager for Norden Machinery, Hector Voicu is currently responsible for the Eastern Europe, Chinese, Turkish and French market.

4.3.1 Cultural differences

According to Voicu (2015), there are several aspects one can identify that separate the Chinese way of doing business to how we do business in Sweden. One of the more obvious and perhaps one of the hardest to deal with is related to language. Voicu (2015)

explains that when you are doing business in Sweden, you understand easily what the other person is saying. When you are trying to negotiate with someone from the older generations in China the language may be a barrier and makes it hard to understand what he or she are saying, to a satisfactory level. Dealing with someone from the younger generation where almost everyone is able to speak fluent English, will make it easier to do business in China. Furthermore, Voicu (2015) claims that the Chinese people are often very eager to do business and it is not always that easy to understand what they are trying to say when they are so eager. This makes it even harder for Swedish businessmen to understand and do business in China (Voicu, 2015).

Voicu (2015) states that one of the most important cultural differences that can be identified is related to "decision paths". In China everything takes more time and more people are involved on different levels taking a discussion. To clarify what he means, Voicu (2015) claims that a contract has to pass through different departments, getting the right signatures and stamps before a decision can be made. In Sweden, the decision paths are shorter i.e. here you will talk to a person who can make his own decisions regarding the structure of the contract. Voicu (2015) explains that it is hard to generalize about Chinese people as a whole, because every negotiation is different in relation to the previous one. When it comes to if the Chinese are more collectivistic or individualistic, Voicu (2015) states that a Chinese person often wants to show their superiors what they have contributed and how important his role has been in the negotiation process. Avoiding uncertainties and risks is something that Chinese people are very motivated by (Voicu, 2015). The respondent states that during the finalization of a contract, the Chinese negotiator is often very eager to include insurance in the contract. Voicu (2015) states that Chinese want to be insured for every possible outcome that may affect them financially in a positive or negative way. The respondent further explains uncertainty avoidance by saying that Chinese companies in general want to avoid uncertainties to a higher extent when compared to Sweden. Moreover, if you shake hands in Sweden with someone that promised you something, you will assume that the person will keep the promise and you won't need the same insurance that you would have needed in China (Voicu, 2015).

When it comes to getting the right kind of deal, it is important to know who you should talk to in negotiations. According to Voicu (2015) for a negotiation to become

successful for both sides, it is very important to allow the Chinese businessmen "not to lose face". If a Chinese businessman feels that he have made a fool of himself, the negotiation will fall apart. It is very important to have a "give and take system" as stated by Voicu (2015), while negotiating with the Chinese. Everyone wants to be sure that the outcome will benefit both parties and one way of ensuring that both parties will benefit from a deal, is to create a mutual relationship.

4.3.2 Negotiation styles

Voicu (2015) describes how he negotiates with both purchasing managers and technical experts. He prefers technical experts since they are more focused on working with top quality machinery while purchasing managers could sometimes be a problem since they focus too much on price. The respondent further claims how there sometimes are internal conflicts in Chinese companies, especially with the purchasing manager and the technical experts. Voicu (2015) also describes how the decision-making progress is more complicated in China, and how Chinese companies have more levels of hierarchy. The respondent defines Chinese employees as loyal to their company, but also as individualistic because of how they like to get credit and shine in front of their superiors. He describes them as very keen to show their contribution to the company.

According to Voicu (2015), Chinese are less willing to take risks and insecurities and they are also a lot more focused on the price than the equivalent Swedish customer. Therefore, he defines them as rather difficult to work with, but acknowledges how they are dedicated negotiators. Voicu (2015) describes how Chinese only have concern about their own profit and business, and that is how one needs to act in order to succeed on Chinese market. He further claims how one cannot find any concern from across the negotiating table of your own company´s profitability. Voicu (2015) further describes how there are major differences across regions and between companies in China, in terms of how willing they are to put their commitment in writing. He claims how one in general can define it to be more trust in the Swedish business environment in comparison to the Chinese. Voicu (2015) describes the Chinese negotiators as more formal than their Swedish counterparts. He further describes how Chinese avoid expressing their feelings, and how they have good poker faces. However, the respondent acknowledges that Chinese tend to act and fake emotions to a further extent, in order to affect the negotiation.

4.3.3 Communication and business behavior

Voicu (2015) explains how Chinese negotiators are less clear in their communication and how one often needs to steer the discussion and conversation onto the right tracks. The respondent claims how the Chinese do not give clear answers nor ask clear questions. If they do not get the answer they were looking for, they are instead likely to ask the same question again, but in another way. Therefore, the negotiation sometimes consists of a lot of repetition. Voicu (2015) further claims how facts, statistics and numbers are given less focus in the negotiations with the Chinese companies and how they have tendency of trying to shift to focus away from it. He further describes Chinese negotiators as more willing to use a scenario of dependency, where one party has a greater bargaining power of the other. Voicu (2015) describes how the Chinese are not afraid of playing hard games in negotiations, and how they have a tendency to cross the line of what in Sweden is considered as rude business behavior. In terms of creativity, Voicu (2015) claims how there are no differences but the arguments for bargaining are more logical in Sweden than China. Whilst the Chinese are more focused on price. He further claims how the Chinese tend to see short term profit instead of long term investments, and therefore his main task when negotiation with Chinese is the get them to understand the difference between cost and total cost.

4.4 AB Skanditrä

Peter Mellstand is the current CEO and former owner of AB Skanditrä located in Kalmar, Småland. Mellstand has during his 30 year career gained a lot of experience dealing with different markets all around the world. AB Skanditrä is a company that imports and exports hardwoods to their customers around the world. The company is today active on several markets around the world and 45 % of the company revenues are related to the Asian markets.

4.4.1 Cultural differences

According to Mellstand (2015), trying to analyze and identify something that separates one culture from another is difficult. Mellstand (2015) states that, the way of how we conduct business in Sweden compared to China is not very different. The respondent furthermore states that when he is trying to settle a deal with a company in China, he is

always trying to be himself. He never changes his appearance in some way or does any pre-studies about the country and its traditions and customs just to fit in. Comparing Sweden to China, the largest difference that Mellstand (2015) can identify is that in China he is seen as a stranger. In this regard, if you want to have a successful outcome of a negotiation, you have to create a mutual relationship with the counterpart. Furthermore, the respondent states that if you run a new company trying to sell your products on the Chinese market without creating a mutual relationship with your counterpart. You will probably get one or two deals done, but if the company want to continue selling its products in larger quantities, you must establish a mutual and beneficial relationship with Chinese businessmen.

The most essential cultural difference that Mellstand (2015) can identify comparing Sweden to China is related to financial questions. Mellstand (2015) states that during a negotiation process with a Chinese company, it can be hard to get the Chinese managers to realize that buying more expensive product with a higher quality will be beneficial for them in the future. Chinese companies focus more on lowering the cost of everything than what we do in Sweden. Hierarchy levels are something that Mellstand (2015) believes is a very important aspect for company managers in China. As an outsider traveling from Sweden to China in to negotiate a deal, Mellstrand (2015) claims how you will encounter several people during the process that don't have the authority to settle the deal. As a result of this behavior, Mellstand (2015) believes that negotiations could take longer time because the person that you are negotiating with has to run and find the CEO, who then can make a final decision. In comparison to Sweden, Mellstand (2015) believes that Swedish managers, regardless if they have five or ten years of experience and "only" is a sales manager can agree to a deal in the name of the company.

Comparing people from different cultures and what motivates them is something that Mellstand (2015) believes to be difficult. He states that it differs from people to people and from negotiation to negotiation. Of course there are people who are trying to increase their own profitability levels by taking bribes but people like that can be found in markets all around the world. Mellstand (2015) furthermore states that it is hard to generalize about a whole country if they are to be seen as collectivistic "We" or individualistic "I". But according to Mellstand (2015) the difference are small between

China and Sweden. Avoiding risks and uncertainties is something that Mellstand (2015) doesn't believe fit the description of a Chinese manager. According to Mellstand (2015), Chinese managers are more likely to take risks in order to earn more money or lowering the cost of a product. As an example of risk taking Mellstand (2015) states that Chinese managers within his field of business can disregard environment and work laws just to cut costs when importing hardwood products. Usually the products that AB Skanditrä exports to their customers is already processed and packed safely away according to all environmental laws. Instead to lower the costs of the products, Chinese companies buys the product unprocessed and ship it in containers directly to the port in China. A consequence of buying unprocessed hardwood from Europe is that the hardwood will go bad and mold can appear.

Chinese people are according to Mellstand (2015), very good at adapting themselves to new ways and traditions. For example the younger generation is very good at everything that relates to technology, i.e. computers, emails and phone. Furthermore, something that Mellstand (2015) believes to be one of the most important aspects to be aware of when dealing with a manager from China is to that never let them "lose their face in front of you". Mellstand (2015) explains that if a Chinese manager "lose their face" the whole negotiation process can fall apart. A good way of preventing any misunderstandings and obstacles between a negotiator from Sweden and China is to create a solid and mutual relationship. If you succeed with this both the negotiator and the company will achieve something positive that can lead to both new a larger orders in the future.

4.4.2 Negotiation styles

Mellstrand (2015) claims how the Chinese companies have more hierarchy levels than their Swedish counterparts. Furthermore, he explains how one can never receive a decision at the negotiation table unless you are negotiating with the owner or CEO. Therefore, it is common that the negotiation process consists of a lot of waiting when the Chinese negotiator has to go and ask his boss all the time. The respondent always prefers to negotiate with the decision maker. In terms of risk management, Mellstrand (2015) claims how the Chinese have a tendency of taking risks that they from a Swedish perspective maybe should not take. He explains how the Chinese are never interested in products or services that remove risks, such as insurance.

When discussing the counterpart´s concern for your interests, Mellstrand (2015) describes how large companies tend to exploit their bargaining power. However, with the business relation comes mutual concern for each others´ interests and companies. Mellstrand (2015) does not define the exploiting of bargaining power to be of any difference between China in comparison to Sweden, but instead defines the matter as a difference between companies and managers. In terms of trust, Mellstrand (2015) claims how one can trust the Chinese businessman to a further extent than the Swedish businessman. However, he acknowledges that it is only when you have a well established business relation. If the company is small and you don't have an establish business relation, the respondent claims that one should not trust and rely on the commitment of the Chinese to same extent as one would have in Sweden. Mellstrand (2015) do not have the opinion that there is a difference in how the negotiators express their emotions in the negotiation process in China compared to Sweden. However, he acknowledges that the Chinese are very quickly in showing dissatisfaction in relation to price.

The respondent also claims how the Chinese are more willing to put their commitment in writing. In terms of formality level and the importance of it, Mellstrand (2015) once again claims how it is a matter of individual difference between companies, not cultures. However the respondent believes that business negotiations with the Chinese were slightly more formal in the past. He further claims how he never has and never will change himself or his attitude depending on whom he is negotiating with and that everyone should enter intercultural negotiations with an open mind. He further explains how he is perceived as a stranger in China and that trust is the key to success when doing business internationally.

4.4.3 Communication and business behavior

Mellstrand (2015) highlights how Chinese negotiators tend to focus on the price. Therefore, the negotiations could be somewhat longer and include more haggling. However, when doing business with someone that he already has a well-established relationship with, Mellstrand (2015) explains how that tends to remove the unwanted parts of the negotiation process. Mellstrand (2015) repeatedly mentions how important the business relation is, and further claims how the communication might be more

indirect and possibly non-verbal before the relationship is established. However, once the relation is established, the parties involved get straight down to business. In terms of conflicts and resolutions, the respondent explains how it can only be done in one way; that is to deal with the manager in charge. Conflicts cannot be solved if the person you are negotiating with does not have the authority (Mellstrand, 2015). He further claims how it is not always easy to get to the person in charge, because one of the most important cultural difference between the Swedish and Chinese business culture is that you can never let the Chinese lose face, especially in front of his boss. Instead the respondent explains how one has to guide and steer the conversation and negotiation in the right way, so that Chinese can take the credit for it. Mellstrand (2015) explains how he will then be more willing to work with you. He further claims how Chinese negotiators with more experience tend to be more creative in contrast to their Swedish counterparts. However, it will be the opposite if the Chinese negotiator is a lower level employee, mainly due to the fact that he is very limited in his authorization. The respondent perceives the Chinese to mostly aim for quantity, without sufficient focus on quality. They simply have another perspective on business and do not take labor hours into consideration or calculation at all. However, he acknowledges that labor hours are a lot cheaper in China, but still not free.

5 Analysis

In this chapter we will present our analysis were we aim to link the empirical data with our theoretical framework. This chapter will be divided into three parts, following the same structure as the theoretical framework.

5.1 Cultural differences

Fälth (2015) believes the main issue that Swedish businessmen face when doing business in China, is how common sense cannot be applied in the same way. He clarifies this by stating how one should not take things for granted in China. Trymell (2015) supports the same idea and explains how there are differences in how the business is conducted. Trymell (2015) claims that Chinese negotiators sometimes negotiate with several potential new business partners at once, which is something that he is not used to. Salacuse (1991) states how cultural differences between the negotiators have the potential to undermine the business in question. Hofstede (2005) supports that cultures differ from country to country and have created a model, the five cultural dimensions, used as a tool to help researchers analyze and gain knowledge in the different business cultures around the world.

Different cultures have different traditions and customs, and therefore will the Swedish businessmen encounter this when they come to negotiate in China. What is considered to be common sense in one part of the world might not be the same in other cultures. Therefore, are these cultural differences perceived strongly by other cultures, sometimes in a negative perspective. Salacuse (1991) defines sensitivity to time, as something that differs between cultures. Trymell (2015) describes how he perceives time ethics to be lower in China and therefore, one needs a big portion of patience when negotiating with the Chinese. This could be because they value friendship more, or because they simply are trying to exhaust the Swedish negotiator. Trymell (2015) states that the Chinese businessmen try to exhaust the foreign negotiators, but he also acknowledges that the Chinese have a tendency of building relationships. Therefore, one can see the intentions of the Chinese businessmen may be better than how the respondent perceives them. It is

also to be seen how the theory by Salacuse (1991) is confirmed by the previous statements, since the respondents consider there to be a difference in the sensitivity to time and time ethics between the business cultures of Sweden and China.

Trymell (2015) claims that the hierarchal differences between China and Sweden sometimes test your patience. He further describes how the negotiators often have to leave the negotiation table and go ask their boss. Mellstrand (2015) supports this and further explains how one can never receive an answer at the negotiation table, unless the CEO or owner is present. Hofstede (1991) has in his research developed the dimension of power distance as an important difference between business cultures. Hofstede ranks Sweden as a country with a low score, meaning that it has an equal distribution of power in contrast to other countries. However, China is ranked with a high score on the same ranking, and therefore it is a country that according to Hofstede (1991) has high power distance with unequal distribution of power. With this knowledge in mind, one can understand why the respondents perceive the Chinese to follow a strict hierarchy. Fälth (2015) supports Trymell´s statement and defines the initial negotiators as paper pushers, which he further describes as unauthorized.

In terms of level of individualism, Fälth (2015), Trymell (2015) and Voicu (2015) defines the Chinese as further individualistic in contrast to Swedes. Voicu (2015) further explains how the Chinese businessmen always want to show his superior what he has contributed with. However, Mellstrand (2015) claims that the differences are related to each single businessman and not the business culture. Hofstede (2005) defines the level of individualism as one of the key differences between different business cultures. The author ranks China with a low score in contrast to Sweden, which in this case means that he defines them as further collectivistic, and less individualistic (ibid). The respondents of this research perceive the Chinese to be further individualistic in contrast to Swedish businessmen. This can be related to that Chinese businessmen want to shine in front of their boss, as Voicu (2015) describes. It may also be related to the dimension of power distance, where our research supports the research by Hofstede (2005) in terms of that the Chinese are further hierarchal. One leader that controls a company may be something that people from Sweden might consider to be individualistic. Furthermore, it is claimed by Mellstrand (2015) how it is of essential importance to build a relationship with the person you are doing business with. This is a

statement that Fälth (2015), Trymell (2015) and Voicu (2015) all supports. Furthermore, all respondents claim how one needs to put your own interests and concern as first priority, since the Chinese businessmen do not have a concern for your interests. Therefore, it can be seen in how the Chinese business environment is further inhospitable, and how that is the reason to why relationships are of such importance. With a market that is both larger and further inhospitable, one can understand why the Chinese are more concerned about themselves than others.

Trymell (2015) explains how Swedish businessmen are less keen on building a relationship. He believes this is rooted in the Swedish business culture, where even something minor as paying for a lunch can be seen as bribery. In contrast, the Chinese are much more keen to build a relationship. Mellstrand (2015) supports this and claim that the Chinese value relationships to a further extent but acknowledges that building the relationship might require more effort in contrast in what would have been the case in Sweden. Salacuse (1991) describes how the goal of the negotiation differs between cultures, where as certain cultures are keen in building a relationship and other simply wants to get the contract signed. The author's claims how Asians are keener on building a relationship in contrast to Western, such as Swedish business culture (ibid). Fälth (2015) claims how the Chinese like to build the relationship on a social basis. Furthermore Mellstrand (2015) and Voicu (2015) claim how the initial stage of the relationship is a necessity before engaging in business. This is also how Salacuse (1991) describes it, and therefore is our research supporting Salacuse theory.

5.2 Negotiation styles

Fälth (2015) claims how Chinese companies have a tendency of sending what he refers to as paper pusher, which is a low level employee with less authority than what one could expect in the Swedish business culture. Trymell (2015) supports this statement and claim how he often gets to negotiate with the CEO or owner once the initial part of negotiation has been finished. Mellstrand (2015) is of the same opinion and claim that one can never receive a definite answer at the negotiation table unless the CEO or someone from management is present. Salacuse (1991) define the Chinese corporate structure to be further hierarchal and collectivistic. This can also be put in contrast and explain why Swedish businessmen such as Fälth find it annoying, if he doesn't get to

negotiate with the person in charge. However, the Chinese may find this to be part of their collectivist business culture as Salacuse (1991) describes. However, Voicu (2015) claims that he negotiates with both purchasing managers and technical experts and how the internal discussions and conflicts is a problem. This is something that speaks for that the Chinese are further hierarchal. This is because, whoever in the Chinese company that has the higher position is also the one that is more likely to get his opinion heard. Voicu (2015) explains how he prefers a technical expert, since in his case makes it more likely to have a preference of products made by Norden Machinery.

Voicu (2015) claims how Chinese are less willing to take risks and how it is preferred by the Chinese that the risks should be on the Swedish company instead. The respondent further claims how this is frequently being requested and demanded by Chinese negotiators. Trymell (2015) agrees and supports Voicu´s statement. In contrast, Mellstrand (2015) claims the opposite and explains how the Chinese have a tendency of taking risks that he does not consider smart to take. Salacuse (1991) identifies culture as a factor that determines how willing someone is to take risks when negotiating. Analyzing the statements by the respondents in contrast to each other provides another perspective. All respondents firmly agree that the Chinese have a tendency to haggle more when negotiating and that the negotiations will therefore be longer. When reviewing the respondents' answers related to how willingly the Chinese are to take risks, shows that the risks themselves not are the main focus, but rather the outcome of the negotiation. This can be seen as something that the Chinese likes to achieve through the use of haggling in the negotiations. It cannot be confirmed that the Chinese take risks to a different extent in contrast to Swedish companies. Instead one can see how the Chinese willingness to let the Swedish companies take risks is rooted in their strive to make a good deal and possibly shine in front of their superiors. The fact that they tend to ask for more in the negotiation process can also be related to their sensitivity to time, that differs according to Salacuse (1991). This is something that our research supports and defines the Chinese as less sensitive to time.

Furthermore, Chinese are strongly focused on their own profitability according to all respondents. Voicu (2015) claims how one needs to keep your own business as first priority when doing business China, while Mellstrand (2015) provides a different perspective of the situation as he claims how concern for the other party´s interest

comes with a stronger business relation. However, Mellstrand (2015) acknowledges that this is rather a difference between different companies instead of countries. The fact that AB Skanditrä is selling commodities in contrast to Norden Machinery that sells machinery is also to be taken into consideration, since it makes a difference in how frequent customers are purchasing. In terms of exploiting a situation with greater bargaining power, as Salacuse (1991) describes it, is something that Fälth (2015) strongly believes that the Chinese practice. Mellstrand (2015) describes as well how certain large companies have a tendency of exploiting bargaining power, but claims how there are no differences in these terms between China and Sweden. Voicu (2015) supports the statement by Mellstrand (2015), as he also claims how there are no differences between nations in the tendency to exploit bargaining power.

Salacuse (1991) describes different styles of negotiation related to the concern for the other party´s interests, as he mentions how it is defined as win/win and win/lose. The claim by Mellstrand (2015) of how mutual concern for each other's interest comes with an established relationship can be considered to be relevant when analyzing how different the answers are from the respondents. The fact that Check Point China is consultant agency, helping their customers to purchase from China is also to be seen as relevant since buyer and seller never gets to establish a relationship when the deal goes through an intermediary. Therefore, are the buyer and seller never given the opportunity to establish a relationship, which is something that Mellstrand (2015) claim is the key to achieve mutual concern for your interests. However, all respondents agree that without an established relation, do the Chinese only have concern for their own interests. This is supporting the theory by Salacuse (1991) as he describes how this is related to the different business cultures.

In terms of formality level and expressing emotions in negotiations, Fälth (2015) claims how the Chinese negotiators have tendency to start acting, and excessively express their emotions in order to achieve a more profitable deal. Trymell (2015) supports this, and claims how the Chinese in general are better at negotiating. However, both Trymell (2015) and Fälth (2015) claim that the Chinese are less formal. Salacuse (1991) stresses the importance of appearing respectful in negotiations and how informal behavior is seen as disrespectful in certain cultures. Since Swedish negotiators are described as more formal in negotiations, i.e. they are the ones that find the counterpart offensive.

Salacuse (1991) further defines cultural aspects as the root of different levels of emotion. However, Mellstrand (2015) claims how the Chinese negotiators were more formal in the past. Voicu (2015) has not perceived the Chinese to be less formal but he supports the statement by Trymell (2015). Voicu (2015) further claim how he perceives the Chinese to have good poker faces, preventing the Swedish counterpart in the negotiation to read what the Chinese has in mind.

Mellstrand (2015) and Voicu (2015) state how the Chinese like to put the commitment in writing to a further extent in contrast to Swedish businessmen. However, Fälth (2015) claims how it is the opposite and how it is not to be taken for granted that the Chinese keep their commitment even if it is in writing. Instead, Fälth (2015) describes how a proper and genuine handshake with the CEO or owner has more value and is to be trusted to a larger extent. Salacuse (1991) describes how the willingness to put the commitment in writing differs between cultures. He describes western business culture, such as the Swedish as more willing to put the commitment in writing and states how a contract not even is a necessity in China. Salacuse (1991) further explain how this is because the Chinese like to allow changes along the way. The statement by Trymell (2015) is to be interpreted as the explanation, since he describes how it is easy to buy from China but harder to sell to. The respondent also states how the Chinese are good negotiators but they see themselves as perhaps maybe too good. Looking at this from a wider perspective, it can be seen how the contract itself is not the central focus, when discussing to what extent the Chinese are willing to put their commitment in writing. Instead the background is more related to the fact that the Chinese like to be good negotiators and therefore they want to come out as winners from the negotiation.

5.3 Communication and business behavior

Fälth (2015) defines the Chinese to be less verbal and more indirect in their communication. The respondent further explains this using a metaphor of a man and his wife that is freezing because he has the window open. Fälth (2015) explains how the woman is more likely to address her issue indirectly, mentioning how she is cold, while the man would in the same situation directly address issue of the open window. Salacuse (1991) identifies the cultural aspect as a factor determining how direct the communication is. The respondent claims that the Chinese are more indirect, similar to

what in a Swedish perspective is define das further feminine (Fälth, 2015). Salacuse (1991) defines not only figurative way of speech as indirect communication but also gestures and facial expressions. In contrast, Voicu (2015) claims how the Chinese show fewer emotions in negotiations, which is to be seen as a disagreement with Fälth (2015). However, Fälth (2015) further claims that the Chinese are hard to read, and how one cannot really know how close one is to finishing the deal. This statement is to be seen supportive of the statement by Voicu (2015). Furthermore, Mellstrand (2015) states how the communication is indirect before the relationship is established, but then turns more direct. This is further something that can explain the differences in the perception of the Chinese business communication by the Swedish negotiators. The answers given from the respondents support Salacuse theory, since they all claim how there is a difference in the directness of the communication. Therefore it can be seen how the differences are culturally rooted.

In terms of conflicts and conflict resolution, Fälth (2015), Voicu (2015) and Mellstrand (2015) all agree of the importance to never let the Chinese lose face in negotiations. Voicu (2015) explains how the negotiations will fall apart if the Chinese feel that he has looked like a fool during the negotiation process. Fälth (2015) support this as he explains how it is beneficial to let the Chinese come up with the solution when in disagreement in the negotiation. Mellstrand (2015) mentions this too, but put it in different words as he claims that one has to steer the conversation in the right way when negotiating with the Chinese. Harris and Moran (1989) defines the intuitive negotiation style as somewhat less factual and as someone that goes beyond the facts but instead focuses on the solution to the problem. Fälth (2015) further mentions how Swedish businessmen have a tendency to seek the truth, whilst the Chinese rather seek for a solution. One can see how the Swedish businessman should not present facts that can be interpreted as accusing to his Chinese business partner, because the Chinese would then lose face. Instead can it be seen how the Chinese are more intuitive negotiators that keep looking for solutions, not truths.

Voicu (2015) states that the Chinese have a preference of focusing their negotiations around the price. Mellstrand (2015) and Fälth (2015) support this statement and claim that the Chinese also like to haggle about the pricing. Therefore, one can think that the Chinese are factual negotiators, as Harris and Moran (1991) describes the factual

negotiation style has the basic assumption that facts speak for themselves and factual negotiator focuses of explaining and clarifying these facts. However, Fälth (2015) states that the Chinese are less interest in numbers and do not pay attention to them until a concrete offer has been submitted. Voicu (2015) supports this as he states how the Chinese negotiators focus less on all numbers but the price. Therefore, it can be seen how Chinese negotiators do not fit in well in the category of factual based negotiators. Because of their strong focus of the price, they fit in better in the category of normative negotiators. Harris and Moran (1989) describe a normative negotiator as someone that puts the bargaining part of the negotiation process as central, leaving other aspects with less focus.

Fälth (2015) claims that the Chinese would not hesitate to exploit a situation where one party has a greater bargaining power than the other. Voicu (2015) supports this and explains how the Chinese have a tendency of playing games in the negotiations. Salacuse (1991) states how the party with less dependency on the other party has a tendency of getting their agenda through, since the losing party has little means to affect the outcome. This is something that Salacuse (1991) refers to as a win/lose scenario. Mellstrand (2015) agrees with Fälth (2015) and Voicu (2015) but states how it is only done before the relationship is established. Exploiting bargaining power can be seen as an opportunity to increase profits by the larger party in negotiation, judging by the statements of the respondents. However, as Mellstrand (2015) states, one can see an increased concern for the other party´s interest with a mutual relationship and interest for each other's businesses. Therefore, building a relationship with the Chinese can be beneficial in longer terms.

In terms of creativity and problem solving, Voicu (2015) claims there are no differences between the Chinese and Swedish business culture. Trymell (2015) supports this but acknowledges that the negotiations often tend to get stuck, and therefore are breaks needed frequently. However, Fälth (2015) claims the Swedish to be more creative than the Chinese, but defines the issue as hierarchal. He further explains how this is because the Chinese employees on operational level simply will not question their superiors. Hofstede (2005) claims how the Chinese have more levels of hierarchy in contrast to Swedish companies, as he ranks the different nations of their power distance. The statements by Fälth (2015) makes sense because even if the employees at operational

level would have great ideas, will this knowledge still never be part of final product or service that the company is supplying. This is due what businessmen in the Sweden could have defined as hierarchal or communicative issues, but in China it is rather seen as custom. The answers from the respondents support the research by Hofstede (2005), since the respondents perception of the Chinese also defines them as hierarchal to a further level, like Hofstede (2005) claim them to be.

Mellstrand (2015) discusses the choices his customers are making and mentions one specific case where he believes his customer is making the wrong decision. The customer in question is trying to cut costs and has therefore left out an important part of the process of refining the wood. Salacuse (1991) identifies the cultural aspect as the factor behind the differences in the willingness to take risks. The author mentions how one can work with risks avoidance by establishing a relationship before engaging the business. He further describes it as a strategy, to propose certain rules of how the business is to be conducted. Salacuse (1991) claims how this will reduce the apparent risks for the counterpart. Harris and Moran (1989) defines an intuitive negotiator as somewhat less logical, but also creative. The authors further define an analytical negotiator as very thorough and analytical in its way of execution. According to Mellstrand (2015), is the short cut in the refining process nothing but an attempt without logic that is meant to try saving money, but in the end the respondent believes it will cost them more money in terms of losses. Fälth (2015) shares this opinion and claim that the Chinese do not put down enough effort into their calculations and therefore have a tendency of taking less logical decisions. This fits in well with that Harris and Moran (1989) define as an intuitive, while it is to be seen how the Chinese are the opposite of what the authors define as an analytical negotiator.

Judging from this, it can be seen how the Chinese have a tendency of trying save every penny possible and cut corners to do so. The decisions made were not always the most logical ones according to the Swedish perspective as Mellstrand (2015) explains. This speaks for that the Chinese are to be seen as risk takers to a further extent. In contrast, Trymell (2015) and Voicu (2015) both claim that the Chinese are more keen to have the Swedish companies taking the risks in the contract. This speaks for the opposite, which is that the Chinese would be less willing to take risks. However, Fälth (2015), Trymell (2015), Voicu (2015) and Mellstrand (2015) all agree that the Chinese tend to haggle

more when negotiating. Trymell (2015) further claim that the Chinese are more skillful negotiators, that has a tendency of asking for more in negotiations. Therefore, one can with this knowledge see how the Chinese demand on Swedish companies to commit themselves to take responsibility for the risks, is not related to the risk themselves. Instead is it related to the Chinese tendency of asking for a lot in negotiations. This behavior puts the Chinese in the category of normative negotiators, as defined by Harris and Moran (1989). The authors define how a normative negotiator sees negotiation as bargaining, i.e. focuses solely on the price while leaving out other important aspects of the negotiation (ibid).

6 Conclusion

In this chapter we will present the result to our formulated research questions. Furthermore this chapter will provide the reader with our main contributions as well as suggestions on further research.

In a more globalized world, companies are facing challenges regarding how to negotiate effectively. In this sense, it is claimed that cultural difference, communications and business behavior and negotiation styles influences the way international business negotiations are conducted. China is considered an important market for man Swedish SMEs, which raises the question of investigating difficulties companies, may face entering the Chinese market. The purpose of this thesis has therefore been to answer the following research questions:

Research Question 1

How can cross-cultural differences affect the negotiation process between Swedish
SMEs and Chinese companies?

When analyzing cultural differences and comparing the five cultural dimensions model (Hofstede, 1991) to the empirical data, we can identify both similarities and differences. We argue that Chinese people value relationships between negotiators from foreign countries to a further extent, in comparison to what we do in Sweden. Moreover, for a negotiation process to become successful and benefit both parties, negotiators from Swedish SMEs have to adapt themselves accordingly to the Chinese culture, i.e. adjust their time plan and strategy accordingly to what a Chinese businessman would expect. To clarify, we argue that corporate managers in Sweden have to adjust their time plans better and include the time it will take to create a relationship with the Chinese counterpart. Furthermore, we claim that Swedish managers have less focus on who they are dealing with during a negotiation process. In Sweden, the main goal of a negotiation is to settle the deal and move on. The goal of negotiations differs in China according to our findings, since in China it is rather to create a relationship that will be beneficial in

the long run, i.e. company managers have to be aware and consider cultural differences, such as how time is an essential factor that affects the outcome of the negotiation. Another aspect that fits the description of "typical Chinese characteristics" is related to power distance and levels of hierarchy. In fact, the differences in hierarchal aspects between China and Sweden should be taken into consideration when negotiating with the Chinese.

To summarize, in this research, we have identified several cross-cultural differences that we believe affect the negotiation process in China. As previously mentioned, Hofstede describes the Chinese businessman as a person who strives to achieve personal success to some extent but for most, values and strives for the well-being of the entire group. We argue however that how Chinese cultural is described as very collectivistic does not correlate with our results. According to our findings cross-cultural differences can affect the negotiation process in different ways. One way is to be prepared for the underlying motives when negotiating with the Chinese. Chinese businessmen, according to our findings, tend to focus on personal benefits in negotiations, i.e. enhancing his own role for personal profits. We argue that cultural differences that relates to what motivates a person, will have an essential affect on the negotiation process. Not being aware of, and without calculating for the extra time that it takes to get a deal done, we believe to be a reason why the negotiation process falls through. Furthermore, we argue that the different levels of hierarchy in Chinese companies affect the negotiation process, because the Swedish negotiator is likely to encounter a paper pusher at the initial stage of the negotiation. If the Swedish businessman is not aware of this cultural difference, will it result in a less profitable deal.

<u>Sub Question 2</u>
How do business communication affect an international business negotiation?

After we have analyzed our empirical findings regarding the second research question, we have come to the conclusion that how you speak and present yourself as a representative from a Swedish SME, will have an essential impact on the outcome of negotiation. We argue that being prepared for different strategies and tactics, when entering a negotiation will make it easier and possibly also more successful. We further argue that Swedish negotiators are to be seen as factual and analytical, while negotiators

from China instead are seen as intuitive and normative negotiators. Therefore are the Swedish negotiators more likely to present logical arguments in a discussion along with further relying on clear facts and statistics as the core aspect of negotiation. A Chinese manager is to be seen as less logical by Swedish perspective in his arguments. The Chinese managers also prefer to keep the communication centralized around the price, in order for them to get a better deal.

As a result of our research, we have identified how communication affect an international business negotiation and one aspect we believe are of high importance is related to how Swedish negotiators communicate their offers. We argue that Chinese businessmen are more likely to pay attention to how the Swedish negotiator communicates if he doesn't present only facts and statistics. Instead, we believe it would be more beneficial for the Swedish negotiators to focus on describing how the Chinese counterpart will make more money in the future. To summarize, we argue that business communications play an essential role in the international negotiation process, i.e. the better one is prepared to face different communication styles, strategies and tactics, the more positive the outcome will be. Ignoring this fact and believing that everything works in the same way as it does Sweden, will put you in a bad starting point that will have negative consequences.

<u>Sub Question 3</u>
How do different negotiation styles affect the negotiation process?

Our findings show that Chinese businessmen use a negotiation style with the purpose of building relationships. We argue that to centralize the negotiation process around building a relationship is to be considered as a negotiation style. This negotiation style has a different purpose, that is to establish a relationship rather than make a quick one time deal. Therefore, we argue that the Chinese are less sensitive to time in their style of negotiating. They simply take whatever time is needed to finish the task. Furthermore, in relation to Chinese negotiation styles, we have come to the conclusion that they are more likely to take risks when negotiating, i.e. they would rather take risks if they believe it will give them a quick profit, without the longer perspective in mind. Analyzing how the Chinese businessmen act in negotiations, in terms of formality and how direct the negotiation is, we can see how Chinese negotiation styles are rather less

direct and less formal, in contrast to Swedish customs. Another aspect that makes the negotiation further indirect is related to hierarchy. A typical negotiation style in China, is when a low level employee without authority initiates the negotiation This is by Swedish perspective seen as more of a threshold rather than to actually negotiate. This is due to stronger hierarchy, where the low level employees simply do not have the same authority in contrast to what one could expect in a Swedish company. Therefore, we argue that a negotiation with a non-authorized negotiator is less direct and less fruitful. To summarize, different negotiation styles play an important role in how negotiators conduct business in China. Different styles can be used, that are perceived both as positively and negatively in the negotiation process. This is due to several reasons: Firstly, the negotiation styles used by the Chinese makes the negotiation process much longer in contrast to what one could expect in Sweden. This is mainly because that they want to build a relationship, but also because that they try to exhaust the Swedish negotiator, which is perceived negatively. Secondly, the Chinese negotiation styles has a tendency of asking for too much in a process, not only in terms of price but also in terms of having the Swedish company taking all the risks. Finally, haggling over the price by the unauthorized Chinese employees is perceived as an annoying part of the Chinese negotiation style. The Swedish negotiators see this as nothing but a stepping stone, used to reach and negotiate with the authorized manager, which is in many cases is the CEO or owner

6.1 Theoretical and managerial contribution

Since the world of business is becoming further globalized, comes the necessity of communicating with other cultures. When doing so, is it important to avoid complications when doing business. No business can be conducted without an offering along with an acceptance by the parties involved. This process of negotiation is unavoidable and therefore valuable for all companies. We argue that the reason for studying negotiation is further important when the negotiation is intercultural, since there are more aspects to be considered. Therefore, it can be described as a more difficult task to negotiate internationally. Our research has added insights in how an intercultural business negotiation between a Swedish SME and China should be in order to be successful. Moreover is our research describing what not to do, which figuratively speaking can be described as what toes not to step on. The aspects to avoid are being

considered as equally important as the aspects of what to do, since both has the potential of making the business venture fall through. We believe that our research is contributing especially in the aspects to avoid, since less research is to be found about what a negotiator from a Swedish SME should avoid when negotiation in China. We argue how this could be of more practical use for Swedish SMEs that negotiates with China in contrast to other previous research. This is because our research is centralized around what affects cross-cultural negotiations and therefore is the phenomenon emphasized and studied thoroughly. Therefore, we consider our thesis to be applicable on operational level of negotiations to a further extent.

6.2 Recommendations for future research

We argue that further research within the field of cross-cultural differences is something that will be needed for future researchers to look into, since cultures around the world are evolving and new and younger generations are replacing the older generations. New traditions and values are to appear and change alongside the generation change. Researchers should focus on examining the new and younger generation of businessmen in China to a further extent since they are the ones that will be of greater importance tomorrow. Another important aspect is how the generation change will affect Swedish SMEs trying to negotiate on the Chinese market. We believe that the Chinese culture will not change over night, but since the rapid changes around world in terms of globalization and internationalization, Swedish SMEs will turn their focus to foreign markets whenever there is an opportunity for profitable business, and markets such as China could be their next step, since China recently became the world´s largest economy (Forbes, 2014). In our research, we have come to the conclusion that perhaps the most important aspect that has an effect on the negotiations is related to the personal gains of Chinese businessmen. Therefore, we argue that further studies related to cultural difference dealing with Chinese companies will be needed. We suggest therefore to limit the research on analyzing the new and younger Chinese businessmen and characteristics such as personal gain will be of importance for future Swedish SMEs negotiating with the Chinese market in the future. By further analyzing this, we argue that initial complications and barriers that may occur when dealing with foreign markets, will decrease

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Appendices
Appendix A – Interview guide

Introduction

1. Can you describe for us what your companies main business is?

2. Can you tell us about yourself and your role in the company?

3. How many markets is your company currently active on?

4. When did your company start doing business on the Chinese market?

5. Why did you decide to do business with the Chinese market?

6. Is it your personal opinion that it is easy or difficult to negotiate with the Chinese market?

Cultural differences

1. What do you believe to be the largest difference in how we do business in Sweden compared to China?

2. What do you perceive to be the largest cultural differences in negotiations between you and representatives from China?

3. Do you feel that the people you are negotiating with follow a strict hierarchy or are they allowed to make own decision regarding the negotiation?

4. Do you perceive Chinese negotiators to be more individualistic or collectivistic i.e. a person who thinks "I" or "We"?

5. What would you say negotiators from China are mostly motivated by?

6. Do you perceive the Chinese to have a different level of concern for the future, in terms of uncertainty avoidance?

7. Would you say that Chinese negotiators tend to follow traditions more or are they willing to embrace changes?

8. Have you faced any obstacles related to culture in your negotiations?

9. Do you find the Chinese to value relationships differently compared to Sweden?

10. Do perceive the purpose of a negotiation between Swedish and Chinese companies to differ? For example getting the deal done quickly or building a relationship

Negotiations styles

11. When you are negotiating with Chinese companies. Who is it that you are negotiating with? Is it a representative from a sales department or a person from management?

12. Would you say that they Chinese are more willing to take risks in negotiations?

13. Do you perceive a difference regarding length of negotiations with Chinese companies compared to Swedish companies?

14. Do perceive the Chinese to have a high concern for your interest when negotiating? Win/win or win/lost

15. Have you perceived a difference in formality level and the importance of it?

16. Do you perceive the Chinese to express their emotions differently?

17. Do you perceive a difference in the willingness to put commitments in writing?

Communications and business behavior

18. Do you perceive the communication in China to be more verbal and direct or non-verbal and indirect?

19. How do you deal with conflicts in a negotiation with a Chinese counterpart?

20. Would you describe conflict resolution in negotiations with Chinese companies to be different compared to Swedish?

21. Do you feel that the Chinese consider facts to a further extend then Swedish people?

22. Do you perceive the Chinese the exploit bargaining power differently?

23. How do you perceive the Chinese problem solving ability in terms of creativity?

24. Do you perceive the Chinese negotiating arguments to be logical to a different extent?