

# Research on Effects of Covid-19 in Chinese Business Negotiation

Zhenghao Wu<sup>1, †</sup>, Yijun Shi<sup>2, \*, †</sup>, Qiuxue Xia<sup>3, †</sup>, Jiahao Zhuang<sup>4, †</sup>

<sup>1</sup>College of Agricultural and Environmental Sciences, University of California, Davis, CA, USA

<sup>2</sup>Department of Business and Economics Saint, Lawrence University, NY, USA

<sup>3</sup>Department of Business, Durham University, Durham, UK

<sup>4</sup>Department of Information Management, Tianjin University of Science and Technology, Tianjin, China

\*Corresponding author: yijun.shi@durham.ac.uk

†These authors contributed equally

**Abstract.** As the COVID-19 pandemic hit the whole world unexpectedly, the connection between people was cut, and people had to adopt a new method to interact. This paper focuses on techniques used to conquer obstacles due to the pandemic and how Chinese businessmen preserved their culture at the same time. Combining the traditional way of negotiation with the new methods is also a topic worth negotiating. The whole world can see how Chinese businessmen rapidly adapt to the new environment. Since this is an unprecedented crisis and topic to discuss, the theme of this paper is not found in much research. Hopefully, the findings in the paper will guide negotiators throughout the world. A pause button has been pushed on the global economy; China was also estimated to suffer a plunge in the economy. However, this paper offers an alternative guess that China is overgrowing after COVID-19 is mainly under control. There is little research done on this abstract topic of negotiation after the pandemic. Thus, this paper primarily cites articles from before the pandemic as an introduction to the Chinese negotiation style and uses qualitative first-hand from the survey. Representatives in the survey have abundant experience in negotiation and conducting business in China. The survey results suggest positive expectations from businessmen in China, and the younger the group surveyed, the more likely they are to adapt to the new ways to negotiate. The findings in this paper can be a lighthouse for future study in acceptance and application of the use of novel methods developed during the pandemic.

**Keywords:** COVID-19; Chinese negotiation; Remote working.

## 1. Introduction

### 1.1 The structure of BP neural network

Negotiation is one of the essential skills in the business world, and the recent Covid-19 pandemic has certainly drastically changed how negotiation worked. “Essentially, all businesses were affected by the COVID-19 outbreak. Those that demonstrated innovation increased business model resilience and adapted to the new business environment” [1]. Academia holds different views on the positive and negative effects of the pandemic on business negotiation. “In the first quarter of 2020, China’s economy shrank 6.8% due to nationwide lockdowns at the peak of its Covid-19 outbreak” [2]. While the majority view is that the pandemic has negatively influenced the means of negotiation in the business world, this article aims to develop an opposite position through the peculiar example of China. Being the second-largest economy globally, China has created an economic system that is both mature and unique. It is mature in that it has developed a modern, stable, and flourishing financial world. At the same time, it is unique in that China is a developing country that still has the majority of its population in poverty.

Over the course of economic reforms known as the “Opening of China,” Chinese businessmen have developed their unique ways of negotiation. It is different from that of the western world in its form, means, and structure. When China was still backward and behind, it was reasonable for the

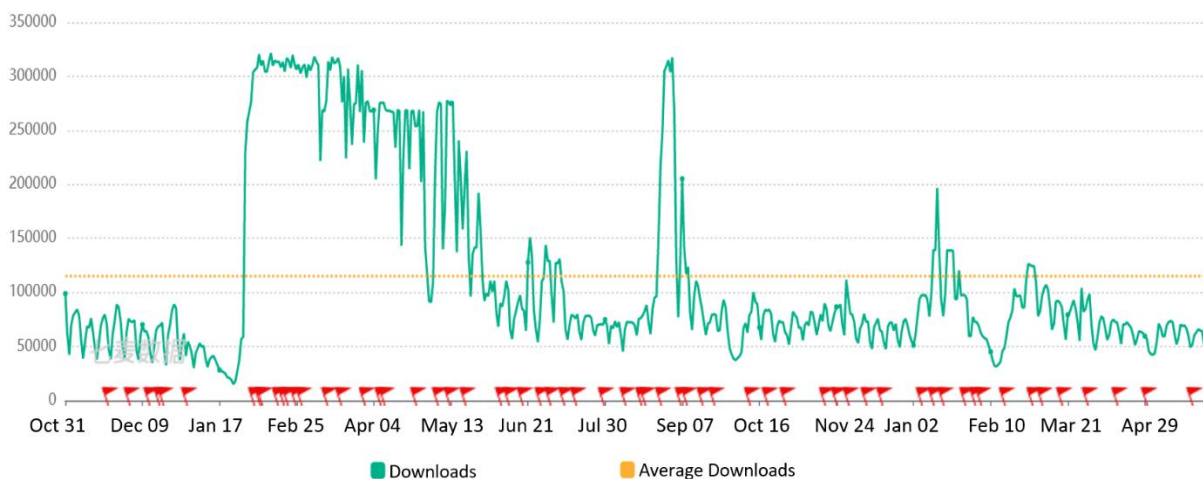
world economy to disregard China and its peculiar form of negotiation. But now, since China has become one of the world’s largest economies, it is crucial for any businessman and anyone who has even stepped one foot into the doors of business and economics to learn about China and its ways of negotiation.

The article “Covid-19, China and the future of global development”, mentioned that Covid-19 had a bad effect on China. During the pandemic, China imposed restrictions that forced people to stay in their homes and work online. Other countries did not agree with China’s policy because it would drag down the economy and violate human rights. Under these rules, it was hard for Chinese businessmen to get together to have a meal and negotiate. This action opposed the traditional way of Chinese negotiation. Though losing some traditional aspects of its means of negotiation, Chinese businessmen were able to adapt to new ways of negotiation, which enabled economic success post-pandemic.

### 1.2 Literature review

The discipline of people interacting has changed a lot since the COVID-19 breakout. In-person, face-to-face, and physical contact has drastically decreased since most countries strictly require civilians to maintain social distance. It brought a huge impact on Chinese negotiators and businessmen and changed their way of communicating and doing business. With the transition from pre-pandemic to post-pandemic era, the way people negotiate in China has also shifted accordingly.

At the beginning of the breakout, people are asked to stay at home according to the government’s strategy. Connections between people, therefore, were forced to be conducted online for a group of people that value “personal capital within their friends, relatives, and close associates” over “networking, information, and institutions” [3]. From the growth of the number of the major tools the Chinese use to conduct business during the pandemic, it is obvious that people have also adopted a new way to negotiate and conduct business.



**Figure 1.** Download rate [4] (Qimai, 2021)

During the globally spreading pandemic, not only businessmen in China are suffering, but businessmen around the globe have also developed their way to deal with their businesses. The trend of remote working rose a while before COVID-19 and prevailed afterward; problems and concerns also rose. Remote working is causing people to have work-life spillover because working from home makes workers have difficulty in switching their mental status from working to off work-life [5]. Social isolation is also a major disadvantage for remote workers because it prevents deeper interaction between people [6]. In addition to those two risks mentioned above, low productivity has been emphasized as one of the features of future remote working. A survey shows that many new problems related to remote working have appeared [7]. Risks and disadvantages in the workplace reflect the interaction of people and obstacles that prevent effective negotiation and interactions. Although the

problems are generally bothering remote workers brought to people by COVID-19, there are some other detailed situations; Chinese businessmen need to deal with. China has generally had the COVID-19 under control. As this vast country is gradually reopening, how should its people, especially businessmen, interact with each other under this new environment and adapt new discipline into their traditional way of negotiation become a topic worth examining.

It is reasonable to say that the Covid-19 pandemic has overall negatively affected the world economy. The pandemic has caused sickness, unemployment, and economic stagnation, so it was certainly legitimate to say that it has harmed the world economy. China is a special case in the handling of the pandemic in that it has successfully contained, managed, and eased the disease within a matter of 3 months. Most articles regarding changes in the ways of negotiation have only done their studies in western countries, such as the United States and the United Kingdom. As mentioned above, such studies have laid their primary focus on western countries, and it was reasonable for them to conclude the negative effect of the pandemic on the economy. Over the course of the pandemic, China has adapted to new ways of online negotiation just like the rest of the world, e.g., over Zoom, DingTalk, Feishu, while China has also maintained some of its traditional ways of negotiation, e.g., negotiation through drinking liquor during meals, and giving particular types of gifts to enhance negotiation success. China also is one of the countries that overcome the pandemic to get success.

### **1.3 Research Framework**

This article will first introduce the recent global hardship caused by the Covid-19 pandemic, followed by a discussion of the similarities and differences of the effects of the pandemic on China. Before the pandemic, negotiations between Chinese businessmen were carried out to combine giving gifts and drinking during expensive meals. On the other hand, post-pandemic negotiation has changed in that businessmen could legally get into trouble for in-person meetings. Gatherings were strictly prohibited in cities that had traces of Covid. This research will collect data through the means of interviews of Chinese businessmen. We hypothesize that Chinese business negotiation has evolved to a form that has adapted to some of Western negotiations' features while remaining some traditional aspects. The adaptation to this new form of negotiation could be the key behind China's economic boom post the pandemic.

## **2. Method**

The data would be collected through two qualitative methods, which are semi-structured interviews and observation. The collected data would be represented for results by three factors: 1) Participants invited for both researches are at least over five years of negotiation experience. 2) Participants have been worked in various leading industries such as medical, technological, educational industries in China; the data collection through focused industries in China would be essential for results analysis. 3) Business negotiations play an essential role in developing companies within these industries, so participants would typically understand business negotiation in-depth.

## **3. Result**

### **3.1 Sample analysis**

The participants for both qualitative researches are account managers for multi-national enterprises and entrepreneurs for SMEs in focused industries of China such as technology or online retailing industries from 30-55 years-old age group with at least 10 years of business negotiation experience.

**Table 1.** Overview for representative participants

Participant 1	Participant 2
Female	Male
35 years old	47 years old
Account Manager	Account manager
Have worked in technology and real estate industry for 14 years	Have 23 years of working experience in five different industries (Biomedicine, technology, online retailing, real estate & artificial intelligence)
With over 12 years' business negotiation experience	20-years' experience for business negotiation

### 3.2 Result of Interview

The interview questions mainly focus on two essential themes of the effects of COVID-19. The first theme is around the inconvenience and negative impacts on business negotiation. In contrast, the second major theme focuses on the reflections from participants on whether or not COVID-19 has a positive effect on their business negotiation.

When participants have been asked about the impacts of COVID-19 on their business negotiation, participants mostly reflect that although there were a series of inconveniences during COVID-19, which have been caused by the pandemic, the technological development and new government policies also brought significant improvements for business negotiation in China. One respondent (female, 35) from the left side of Chart.1 above with over 12 years of business negotiation experience tend to believe that the positive effects which COVID-19 has brought outweigh its negative effects:

“I think that the response from the government is extremely quick, the national lock-down achieve a great success to overcome the whole pandemic, while the development of DingTalk and other online meeting software enables business negotiators to hold meetings online and transfer meeting documents on time. Meanwhile, the newly developed technologies enable negotiators to examine counterparts' capabilities, which significantly improve the total effectiveness of domestic business negotiation.”

Meanwhile, there is another representative result, which is shown through the right side of Chart.1 above, from a 47-year-old account manager who has in-depth insights into business negotiation in five focused industries (Biomedicine, technology, online retailing, real estate, and artificial intelligence) of China, he also tends to believe that COVID-19 motivate the further development for business negotiation in China in various aspects:

After years of business negotiation experiences, we found that several disadvantages within traditional ways of negotiation in China have been solved successfully. The maintenance of the long-term relationship is time-consuming and ineffective. Still, after this pandemic, although COVID-19 causes inconvenience with traveling restrictions, companies usually seek a more effective way to gain profits as there are no extra resources for long-term relationship maintenance. Negotiators like me choose to use negotiation strategies such as contract-based or interest-based to finish the deals on time and benefit both sides.

After examining all responses from the participants, they all tend to agree that the pandemic has brought positive impacts along with negative influences on business negotiation in China. Therefore, the null hypothesis is refuted.

### 3.3 Result of observation

As previously mentioned, observation would be another method within this research to collect data, and there are ten target participants for observation are account managers within leading industries in China, with breakdown into two groups in different age groups; one group include account manager who is in the age group 31-40 years old, with another group of participants in the age group 41-55 years old. The location for the observation would only take place in their working place to avoid ethical issues.

The indications of the results are relatively different in the aspects of two diverse groups of participants by observing their daily negotiation behaviors for three months (Companies in Mainland China normally have an evaluation on performance termly).

Group 1(31-40 years old age group) of participants seem to adopt the newly developed business negotiation practices and technologies. Most of them would prefer a more time-conscious way of negotiation. Most of the Group 1 hold their meetings online or at least use some of the functions such as documents transference. Furthermore, the observation also demonstrates an increasing number of negotiations between Group 1 participants and their clients. The newly developed business negotiation technologies and strategies improve their frequency of negotiation and avoid unnecessary traveling, so they can resolve time and energy wasted problems.

Group 2(41-55 years old age group) seems to adopt newly developed methods of business negotiation in China much slower when comparing with Group 1, and they still believe that online meetings are not official enough, and they prefer to exchange documents with their counterparts within business negotiation in person. Nevertheless, they still are benefited by newly developed technologies and policies, as in some specific cities in China, there are restrictions on the number of people within meetings, so they can directly get access to meet decision-makers faster than before COVID-19, which dramatically speed up the whole business negotiation process, and sign contracts with their customers easier.

After the observation for 3 months, findings obviously indicate that COVID-19 can be beneficial for Chinese business negotiation with increasing effectiveness. However, inconveniences caused by COVID-19 on business negotiations still need to be addressed in the future. The null hypothesis will be rejected.

After collecting representative data as mentioned above, the findings for both kinds of research indicate strong arguments that COVID-19 would positively and negatively affect Chinese business negotiation. The interview and observation results demonstrate several positive effects of COVID-19 due to its motivation to develop a more effective business negotiation process. The further discussion would focus on the suggestions on solve problems which COVID-19 and improvements cause can be made on post-COVID business negotiation

## **4. Discussion**

### **4.1 Summarizing key findings**

The above data collection indicates that most participants claimed the positive effects of the Covid-19 outweigh the negative effects, and COVID-19 motivates the further development for business negotiation in China in various aspects. In contrast, 30-31 people are more adaptable to this new situation, spending less and being more productive. The second group, aged 41-55, preferred to combine traditional negotiations with new forms of negotiation, which they saw as more formal, such as exchanging documents and signatures in person. This analysis supports the theory that the unique negotiation style improves the effectiveness of our negotiations but is not suitable for everyone.

### **4.2 Discuss the implications**

The results contradict the claims that although China's economy had been declining in the short term [2], the COVID-19 has not had as much of a negative impact on the business world's negotiation as the majority view. Chinese business has an entirely different approach to negotiation than the western world. How to balance the tradeoff between pandemic and economy has become an important issue in every country. There is no doubt that China has chosen the former, sacrificing its economy first to control the epidemic. With many government regulations, Chinese people in business are under tremendous economic pressure to develop new ideas, such as forcing many brick-and-mortar stores to close and go live online [8]. Through our investigation, Chinese negotiators can find the need for business negotiation never stops, Chinese negotiators lose some negotiation tools. Still, we will have new ones at the same time, here are some examples of key points that Chinese people in

business try to avoid making mistakes focus on in Chinese negotiations. Advanced field trips and background understanding are characteristic of Chinese culture. People cannot investigate the strength of the customer on the ground. At this time, many relevant business inquiry platforms appear, which can check the company, customer information, and even the risk profile assessment. This approach satisfies the need of Chinese businessmen to have some understanding of their negotiation partners, which is more of a psychological incentive to be more confident in the understanding of the negotiation of their negotiation partners, which is more of a psychological incentive to be more confident in the negotiations.

### 4.3 Limitations

Our survey has demonstrated that the efficiency impact of new forms of negotiation is significant. Our survey shows that the efficiency impact of new forms of bargaining is substantial for all age groups, perhaps even more so for the younger generation, who are better at using electronic devices and are used to communicating with customers using the Internet, and who are undoubtedly the most prominent beneficiaries and are encouraged to do so by companies that care more about the success of negotiations and the number of benefits gained than the seemingly unnecessary cost of travel. We need to think about what negotiation effectiveness is. Negotiation efficiency should be faster for employees to complete their work or for the company to understandably aim to achieve the best possible outcome for their position [9]. It would be inaccurate to discuss the changes brought about by COVID-19 as more effective use of technology products. Chinese should focus more on our thinking about negotiation methods and how to combine efficient online negotiation without losing the traditional Chinese negotiation aspects of long-term cooperation and relationship maintenance. Make our negotiations move quickly while choosing to use negotiation strategies such as contract-based or interest-based to finish the deals on time and benefit both sides. Some aspects of the study will still limit our results. In a negotiation, the social status of the parties and their positions impact the outcome of the negotiation, which is one of the key factors in assessing the success of a negotiation. The impact on employees at different levels should be different because of the importance of the negotiations they are exposed to. When we make the age stratification, we should also include the rank stratification to judge the different effects of the pandemic on the who. The results are still significantly objective, as management is generally older and higher in rank for most companies. Analyzing the different age groups, it is significantly straightforward and quick to determine the form of negotiations today [10]. Further research is needed to establish a more specific presentation of negotiation details.

### 4.4 State recommendations

For business negotiation in China, we need to combine our characteristics with the new negotiation style, and different people use their own most effective way. We can use a combination of offline and online bargaining, which is good for us to develop long-term relationships, for the Chinese face to face will make the two sides more cordial. In contrast, in online communication, we are not too shy; we can be a straightforward surface of our interests in the past, we would not do so. By combining these two aspects, the Chinese will focus more on the benefits than the relationship, which is an excellent direction to take. Having the benefits first and then developing the relationship is the positive impact of the pandemic. We need to pay attention to “Don’t Be Forced to Accept a Bad Deal During the Covid-19 Crisis”, the article claimed that we should not accept the bad deal during the Covid-19. Because of the pandemic, people do not know how to choose, and it is hard to control things under stress. Being emotionally detached from your negotiation: You might focus on price because your bonus is linked to that metric. Negotiation skills are essential for business cases. Today’s focus on negotiation skills allows us to stay ahead of the game no matter what situation we are dealing with. This is the result of combining Chinese style negotiation with new style negotiation, but of course, we need to avoid some mistakes that we should not make.

## 5. Conclusion

Our hypothesis was that the pandemic had caused positive changes in Chinese business negotiation skills. As per our data, two of the interviewers pointed out that the pandemic was not entirely detrimental even led to positive changes. They discussed how companies had increased their efficiency and productivity by introducing online meetings and technology-backed management. In addition, Chinese businessmen maintained their traditional skills and adapted new ways to cope with the changing world. This adaptation of new means of communication serves as the foundation of a company's internationalization, which brings about the company's economic prosperity. Confucius's ideas and the traditional Chinese culture have bound Chinese people to speak implicitly and softly no matter the occasion. The pandemic forced them to rethink their standard approach and make adjustments to harmonize with society once more. Now that the pandemic has come to a stage of near-eradication in China, Chinese businessmen have relinquished a great amount of ambage during their communication and negotiation while retaining some aspects of the traditional methods to help maintain the long-term relationship with one another.

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