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NEGOTIATING SUCCESSFULLY IN CHINA FROM A PORTUGUESE PERSPECTIVE

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Abstract

Chinese markets become more appealing to many Western countries to enter across numerous sectors because of the economic expansion and rising consumer purchasing power. Foreign enterprises, on the other hand, face substantial hurdles in conducting business due to cultural boundaries. The data demonstrate that China and Portugal have some differences in culture and marketing strategies. As a result, some cross-cultural negotiation expertise is required before negotiations. Maintaining a long-lasting relationship will facilitate business with China in the future.

The dissertation is divided into two parts. The first section is devoted to theoretical research on relevant topics including culture, cross-cultural management and culture. Some significant Chinese values, such as Confucianism, guanxi, mianzi, and zhongjian ren will be highlighted. A comparison using Hofstede's model between two countries will be approached before the methodology. The second part is about the method and discussion of the current research's results. The narrative interview was chosen as the method for this dissertation. The sample group is composed of 25 participants. Finally, the results revealed that cross-cultural variations can be divided into five categories: interpersonal relationships, communication styles, time orientation, attitude to work, and marketing strategies. Following the methodology's findings, some recommendations and instructions for Portuguese negotiators will be presented to maximize their effectiveness and profitability when dealing with Chinese counterparts.

Keywords: cross-cultural negotiations, Portugal, China

JEL classification: F23-Multinational Firms; International Business; M16-International Business Administration

Sumário Executivo

O crescimento da economia e o aumento do poder de compra dos consumidores permitiram que o mercado chinês se tornasse cada vez mais atraente para países ocidentais entrarem. No entanto, as barreiras culturais são significativos desafios para as empresas estrangeiras realizarem seus negócios com a China. Os resultados mostram que existem algumas diferenças culturais e estratégias de marketing entre a China e Portugal. Portanto, algum conhecimento de negociação intercultural deve ser obtido antes das negociações. Manter uma boa relação facilitará os negócios com a China no futuro.

Esta dissertação está dividida em duas partes. A primeira parte é um enquadramento teórico sobre alguns conceitos relevantes, como cultura, gestão intercultural e modelos de cultura. Alguns valores chineses significativos serão apresentados, por exemplo, confucionismo guanxi, mianzi e zhongjian ren. Uma comparação do modelo de Hofstede entre dois países foi abordada antes da metodologia. Na segunda parte são apresentadas a metodologia usada e uma explicação dos resultados anteriores. A metodologia escolhida para esta dissertação é a entrevista narrativa e o grupo de amostra é composto por 25 participantes. Os resultados obtidos identificam que as diferenças culturais entre dois países podem ser categorizadas em cinco aspetos: relacionamento interpessoal, estilo de comunicação, orientação temporal, atitude de trabalho e estratégias de marketing. Após a comparação e resultados da metodologia, algumas recomendações e uma lista de orientações de negociação com os chineses serão fornecidas aos negociadores portugueses para maximizar a eficácia e os lucros.

Palavra-chave: negociações interculturais, Portugal, China

Classificação JEL: F23 - Empresas Multinacionais; Negócios internacionais; M16 - Administração Internacional de Negócios

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1. Introduction

1.1 Theme

Due to the globalization and internationalization processes, business has become borderless. Markets have become more challenging for companies to survive. Thus, many of them started to expand their business to foreign countries to be more competitive. During the last three decades, China has been one of the most fast-growing economies in the world (Fang, 2006). According to Benoliel (2013), China is forecast to have the highest purchasing power in the world by 2025. The rapid economic development has attracted a large number of foreign investments (Tian, 2016). Despite the decrease of FDI since 2017, China still represents the highest FDI in the world with 117 billion dollars, coming right after the United States and Japan (Textor, 2020). On the other hand, China has a strong export in manufacturing and significant trading relationships with most countries in the world nowadays (Tian, 2016).

China and Portugal have had cross-cultural trades since 1513. Both countries have maintained a good relationship until now. In recent years, Portugal became one of the most attractive countries for Chinese investors (Fang, 2006). According to the data from the Ministry of Commerce of China, Chinese investment plays a significant role in the development of Portugal's national economy in many different sectors, such as energy, finance, insurance, communications, engineering design and catering (Global Times, 2020). The investments from China in Portugal reached approximately 2,525 billion euros by the end of 2018. Moreover, the trade between China and Portugal has achieved nearly 5,44 billion euros in 2019 (MNA, 2019). The increasing data was shown in the importation as well, Portugal imports from China reached approximately 2,83 billion euros in 2019 (Trading Economic, 2020).

One of the biggest Chinese investments in 2018 was the purchase of Portuguese utility Energias de Portugal SA (EDP) for nearly 9,07 billion euros (Câmara de Comércio e Indústria Luso-Chinesa, 2019). In the insurance sector, the largest insurance company in Portugal- Fidelidade,

was bought by a Chinese company FOSUN International Limited (FIL) for nearly 1 billion in 2014. Nowadays, the FIL holds approximately 84,9892% of Fidelidade's total capital share (Fidelidade, 2021). The same company bought nearly 30% capital share of the Portuguese largest bank Millennium BCP. In the meantime, it became the largest shareholder in 2017 (Financial Times, 2017).

The other significant example of Chinese investment in Portugal is regarding the real estate industry. The transactions between Portuguese real estate agencies and Chinese investors have grown considerably since the introduction of the “Golden Visa Scheme” in 2012. This popular program is known as the Residence Permit Program. It was an incentive by the Portuguese government to provide a fast track to non-European citizens to stay and move in the Schengen area (Juwai, 2020). According to the SEF's data (2020), the golden visa program brought over 20,000 people between 2012 and 2020, with a forecast of 6,47 billion euros investments in 2020, approximately. The data showed that there were 1182 golden visa investors in 2020 and nearly half of the number were Chinese.

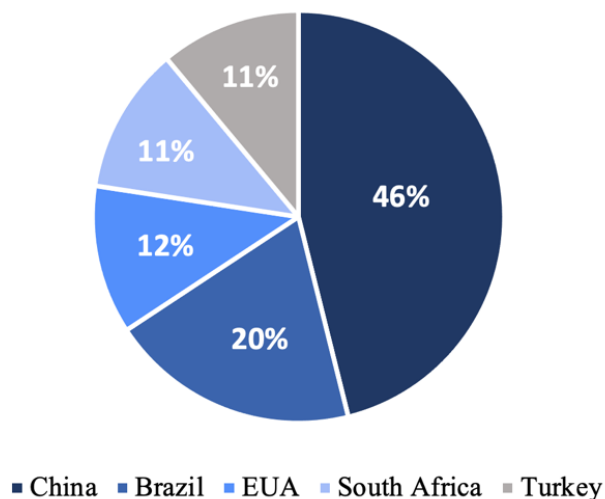


Figure 1-Number of golden visas issued by the nationality in 2020 (SEF, 2020)

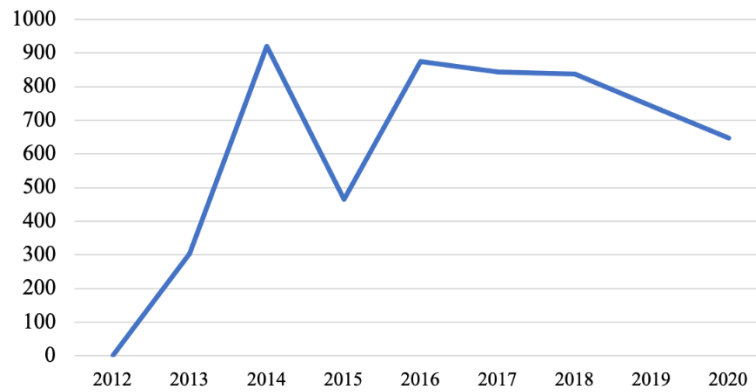


Figure 2-Total investments by golden visa from 2012 to 2020 (in million euros) (SEF, 2020)

The motivation for choosing this topic is related to my Chinese family background. I have been interested in intercultural business since I was a child. The fact that I grew up surrounded by Asian elements and spent eight years studying in China arouses my interest in cross-cultural studies. During this time, I observed cultural differences not only in language but also in gastronomy, actions, gestures, behaviours, and feelings. In recent years, I have become more interested in cultural diversity in the business environment. When I worked as an internship trainee in a Portuguese company two years ago, I realized that the phenomenon of globalization and internationalization drove a large number of Portuguese firms to China. However, cultural boundaries are often overlooked in the international business environment. Another fact is that not all international firms have a cross-cultural team, and most Portuguese negotiators are unprepared for international negotiations. Regardless of their professional business knowledge, not everyone recognizes the importance of culture and communication in the negotiation process. That is one of the reasons I chose this topic.

1.2 Research problematic

Due to the competitive nature and change in business environments, markets became saturated in many countries. It is one of the reasons for companies to internationalize their business. Clof and Beamish (1995) pointed out that many companies were using an internationalization strategy to expand their operations in foreign markets. For this reason, negotiation is a critical component to be discussed in the context of internationalization and globalization. According

to Fraser et al., (2002), people spend approximately 50 percent of their work time in negotiations in order to develop or expand their business.

From a psychological perspective, the topic of negotiation had a dramatic shift since 1960 (Bazerman et al, 2000). Thompson, Wang and Gunia (2010) described negotiation as an interpersonal decision-making process that requires the cooperation of two or more parties. Spangle and Isenhardt (2002) highlighted that negotiation is a way for all parties to achieve mutual goals, not only economically but also socially. Foroughi (1998) argued that negotiation is a process that seeks to minimize conflicts, maximize the outcome and level of satisfaction of all parties. A successful negotiation could contribute significantly to firms.

Lewicki and Litterer (1985) stated communication as the “heart” of the negotiation process. An effective communication achieves an understanding of information, raises the expectation of all parties and engages mutual benefits. Many companies focus on the financial objectives and goals instead of understanding the negotiation style and communication of the foreign counterparties. For instance, negotiators often communicate with foreign countries in a traditional way, which might create some misunderstandings in the process. Sometimes an inappropriate communication could cause some disrespect and conflicts in negotiation. Therefore, lead directly to the failure of business agreement in a new market (Spangle & Isenhardt, 2002).

For this reason, the term culture increases its importance in the business context. Different cultures can influence people's belief and values, enabling them to predict others' behaviour and actions during communication. According to Ghauri (1996), culture is one of the most relevant elements that affect parties' relationship in international business. Cultural diversity makes people share their values from different perspectives. However, an incompatible situation could happen in the negotiation process due to different cultural backgrounds (Spangle & Isenhardt, 2002). Chang (2003) provided another point of view. He believed that the different

cultural backgrounds can lower the acceptance of cultural beliefs and norms of other countries in cross-country negotiation. On the other hand, cross-cultural management is described as a key factor in international business failure (Johnson & Lenartowicz, 2006).

From the previous research, despite the significant number of investments from Chinese buyers and the respective increasing trade opportunities, some Portuguese companies are still facing challenges during the negotiating process. Therefore, some misunderstandings could complicate the negotiation processes and cause business tensions. So, companies must pay attention to the cultural diversity in the international business environment and have adequate cross-culture knowledge. Furthermore, negotiators should always be prepared to face unpredictable circumstances in order to maximize competitiveness.

Nevertheless, the majority of researchers represent a very diverse viewpoint on international business. Some of them identified the cultural differences between Asians and Westerns or concentrated on negotiating with a single country. Others focus on negotiation tactics and disruptive variations. Some other studies compare the differences between one country and the other. In other words, a study on the negotiation style between China and Portugal is still limited and sporadic (Palich, Carini & Livingstone, 2002).

1.3 Objective

The overall purpose of this dissertation is to understand the importance of cultural differences and marketing strategies between China and Portugal, as well as have a deeper comparison between them. This study tries to identify a specific negotiating style from a Portuguese perspective that hasn't been shown in the literature previously. The content can help Portuguese companies to have a better understanding on the relevance of culture and improve their intercultural skills in the international negotiation process and additionally, let them have a closer look into the characteristics of Chinese cultural values and negotiation styles.

The guideline is useful for Portuguese companies to handle cultural differences, reduce cultural barriers, increase communication efficiency, and eliminate misunderstandings in the negotiating process. Correspondingly, it can help them negotiate successfully in the future and maintain a long-lasting relationship with Chinese companies.

1.4 Structure

This dissertation is structured into six chapters. The first chapter introduces the main topic, identifies relevant research problematics and clarifies the objectives of this study. The second chapter presents a review of the literature with some essential concepts, such as culture, cross-cultural management and marketing strategies, as well as three cultural models, the Lewis cultural model, Hall's high-context and low-context culture and Hofstede's cultural dimensions. For a more in-depth comparison of Chinese culture and Portuguese culture, I decided to use each dimension of Hofstede's six-dimension model and discuss the cultural differences in this chapter. Also, some distinct marketing strategies in China will be presented in the same chapter.

The third chapter discusses the selection of appropriate research method, its advantages and disadvantages, as well as the methodology and its analysis process. The sample includes Portuguese people who have worked with Chinese partners for at least five years and are willing to share their experiences. The fourth chapter contains the result of the investigation, an overview of the empirical research and the negotiation style between China and Portugal. In the fifth chapter, a list of negotiating guidelines with the Chinese will be provided for Portuguese negotiators to do business successfully in the future. At the end, some conclusions and limitations for future research will be clarified.

2. Literature Review

2.1 Culture

The concept of culture has been defined in a number of ways by a lot of different authors and researchers. There is a vast agreement and distinct explanation about the meaning of “culture” in the field of sociology, psychology, international business and cross-cultural studies (Lebrón, 2013).

Kluckhohn (1961) is the first anthropologist that proposed the definition of culture as a general framework that related to patterns. Later, Hofstede (1991:5) defined culture as *“the collective programming of the human mind that distinguishes the members of one human group from those of another.”* The author Hall (1976) pointed out that culture is a complex phenomenon that could not exist on its own. Culture needs to be shared with other members of society. It is the way people think, behave, make decisions and provide solutions. Matsumoto (2009) goes even further by defining culture as a learning process. He argued that not everyone is born with culture, humans are taught and learnt culture across generations. For achieving more meaningful and valuable objectives, people might change their culture throughout their life by different factors.

In the perspective of Tylor (1871), culture is based on the capabilities acquired by members of society, such as knowledge, custom, art, belief, law and morals. Similarly, Herskovits (1948) described culture as a human-made part of the environment. For Lebrón (2013), culture could be represented as a symbol of identity and belongingness. It is also known as a shared social system which collects individuals’ common norms, values, beliefs and behaviours. Terpstra and David and Terpstra (1985: 5) highlighted that *“Culture is learned, shared, compelling, interrelated set of symbols whose meaning provides a set of orientations for members of a society. These orientations, taken together, provide solutions to problems that all societies must solve if they are to remain viable.”*

Nonetheless, Lu (2006) argued that there is no criterion for culture. Each culture represents its unique characteristics, they are all different but strongly rooted. Accordingly, culture cannot be defined as right or wrong.

From a psychological perspective, Christopher (2001) described culture as a crucial element that provides a consensus meaning for the human being. He established two basic components for culture, which are values and moral assumptions. They are closely related to each other. In another point of view, culture refers to the totality of the nations. On the contrary, the term subculture is used by more people at the social level, such as occupation, education and family (Lebrón, 2013).

2.2 Cultural models

Some cultural models and classifications have been developed for firms to communicate and negotiate in foreign markets in past decades. Many negotiators use these models to understand the cultural differences and similarities of their counterparties (Tu, 2012). For instance, there are three most well-known cultural models: Lewis cultural model, Hall's high-context and low-context culture model and Hofstede's cultural dimensions.

2.2.1 Lewis cultural model

Richard Lewis has grouped culture into three different categories based on their behaviours and reactions toward certain situations: linear-active, multi-active and reactive.

- **Linear-active:** characterized by distinctiveness. It refers to people who are task-oriented and highly organized. In the other words, they prefer to do tasks step by step according to a linear agenda, this includes organizing, planning, solving problems and analysing. For them, logic is over emotion and truth is above everything. This group includes countries such as Finland, Germany and Norway.
- **Multi-active:** refers to the people that are more talkative and emotional. They tend to focus on building a good relationship with others. On the contrary of linear-active, they could do

multiple tasks at the same time (poor followers of agendas). Furthermore, they are motivated and always create a positive environment during work. This group includes countries such as Spain, Italy and Portugal.

- **Reactive:** those who prioritize respect and listening. Even though they do not agree with others' opinions, they always listen to them calmly without interruption and interact with them carefully. Their characteristics are harmonized, patient, empathy and intuitive. They will only express their opinion after listening. This group includes countries such as China, Vietnam and Japan (Lewis, 2006).

2.2.2 Hall's high-context and low-context culture

Edward Hall proposed that culture is composed of two categories: high-context and low-context in order to understand the differences in communication style and cultural issues. The communication style refers to the way of expressing the information. It can be transferred through many elements, such as gestures, tone of voice, personal status and background information. The cultural issues are more related to social factors, such as religion, histories and status.

The high-context refers to non-verbal or little direct communication. People focus more on the message context or situation instead of the way to express it. So that the information is not always explicit in the communication process. The content includes verbal exchange such as the use of phrasing, gesture, tone of voice. The high-context culture is characterized by digressive communication and the speaker is not expected to be interrupted. Some examples of high-context countries are China, Spain and Japan.

Conversely, low-context relies on direct and explicit verbal communication where general meaning is highly dependent on the process of information transformation. In the low-context culture, people tend to communicate directly and linearly. The majority of information is expected to be explicit in the communication process, whether internal or external. Some

examples of the low-context countries are Australia, Germany and the United States (Hall, 1976).

2.2.3 Hofstede's cultural dimensions

Hofstede was one of the best-known social psychologists in the field of culture. He conducted two large questionnaires between 1967-1969 and 1971- 1973, with approximately 116.000 employees in IBM. The qualitative database was used to analyse the values and sentiments of individuals in 72 countries across the world. He categorized culture into four dimensions, which are power distance, uncertainty avoidance, individualism, masculinity. Afterwards, a fifth-dimension, long-term orientation was defined by a Canadian psychologist Michael Harris in the 1980s. More recently, a Bulgarian researcher, Michal Minkov, proposed the sixth-dimension indulgence (Hofstede, 2011).

2.3 Cross-cultural management

Nowadays, expatriates from the majority of companies are facing challenges associated with working in foreign countries such as social, political, legal, economic, cultural and business environments that are distinct from their home country (Guo, Rammal, Benson & Dowling, 2018). Therefore, it is indispensable for firms to communicate with people from other countries in international negotiations. The concept of cross-cultural management is introduced in the international business context due to the differences in cultural backgrounds, language and behaviour of parties. In cross-cultural negotiations, people communicate with people from another culture to exchange ideas, perspectives, feelings and thinking to achieve a successful agreement. (Buckley, Clegg & Tan, 2006; Doktor, Tung, & Von Flinow, 1991; Sackmann & Philips, 2004).

Moreover, Mahajan and Toh (2014) highlighted that cross-cultural management is a valuable way for companies to lower the cultural effects in the international business context and it increases the efficiency of communication. Oliver (1997) pointed out that improving cultural

awareness and understanding the cultural difference could be considered as a sustainable competitive advantage for foreign firms. Nonetheless, Fabry and Zghni found out that only a few firms recognize the value of cross-culture adaptation and promote the teaching and coaching system to increase the effectiveness of negotiation (Buckley, Clegg & Tan, 2006).

2.4 Cross cultural comparison

It is essential to understand the background of China and Portugal in cross-cultural comparison. I will explain some distinctive characteristics of Chinese and Portuguese cultures in the next following content. The objective of comparison is to acknowledge the culture of the two countries along with how they influence the negotiation process. Additionally, I will compare the characteristics to the research results in order to analyse the similarities and differences.

2.4.1 Chinese culture

2.4.1.1 Confucianism

From a philosophical perspective, the traditional Chinese culture is based on three influential factors which are Confucianism, Taoism and Buddhism. The first two are assumed as Chinese origin whereas the third is a foreign culture from India. Thus, all these philosophies are connected and represent different traditions, beliefs and perspectives (Guang, 2013).

According to Tang (1995), although Taoism and Buddhism represented relevant roles in the development of Chinese culture, Confucianism has been the most important value system that influences Chinese behaviour. *“Confucianism is not a religion but plays a religious role in Chinese culture and society.”* (Tang, 1995:259) Chan (2008) argues that Confucianism is an essential ethic element in contemporary international negotiations.

2.4.1.2 Guanxi

Guanxi is a significant expression in Confucianism and it influences Chinese life, whether in social or in business context (Filieri, Dey & Chen, 2017). Alston (1989) defined guanxi as a relationship between two individuals. Luo (1997) characterized guanxi as an interpersonal connection that allows people or organizations to exchange favours with a purpose, whether in social or economic activities. Keeping in line with that, Wong and Tam (2000: 57) described guanxi as *“creativity and flexibility through a network of (mutually beneficial) personal relationships.”*

Regarding the business environment, guanxi is defined as a key determinant that is correlated directly to a company's performance (Yeung & Tung, 1996; Ambramson & Ai, 1999). In the perspective of Fang (2006), guanxi means a symbol of harmony that could improve wealth in the Chinese business society. For Guo et al. (2018), guanxi has served as a method for firms to provide more market opportunity, acquire usable resources and reduce transaction costs. Furthermore, guanxi refers to a dynamic element for foreign investors to decrease their market uncertainty (Buckley, Clegg & Tan, 2006; Standifird & Marshal, 2000).

On the contrary to Westerns, Asians focus more on relationships rather than external factors or results such as products, places or price in negotiations (Keller & Kronstedt, 2005). Therefore, it is possible to differentiate guanxi into three categories:

“1. relationship by birth or blood:

- family,*
- kinships and in-law*

2. relationship by nature

- locality (from the same town or province)*
- classmate or alumni*
- teacher-student*
- co-worker*

- *colleague or superior-subordinate;*
- *neighbour*
- *in the same profession*

3. *relationship acquired- referring to*

- *acquaintance*
- *knowing the same person (intermediary);*
- *friend and sworn brotherhood” (Fan, 2002:5).*

2.4.1.3 MianZi

Apart from *guanxi*, *mianzi* is another fundamental factor that relates to Confucianism in the Chinese culture. As stated by Huang (2011:38), his quote is quoted by Ran and Zhao (2018) that *mianzi* is a “*personal dignity, honor, respect or simply public identity and personal reputation.*” Lu (1934) published a clear definition of *mianzi*, which corresponds to an individual's self-image and identity. Additionally, King and Wei (2018) highlighted *mianzi* as a judgement of human interaction which is perceived by others.

Regarding the social-culture context, Lockett (1988) defined *mianzi* as a person's social position that is recognized by others in the society. To go more in-depth, Chen et al., (2019) described the concept of *mianzi* as an individual's social state and reputation which could influence their decisions on purchasing in the Chinese culture.

In Chinese culture, it is crucial to defend or save the reputation in front of other people to show respect. In other words, protecting dignity in the development of networks and relationships can increase the level of success, whether socially or culturally (Katz, 2017). Giving *mianzi* during the negotiation means recognizing a person's social status and having a good reputation in the society (Zhu, McKenna & Sun, 2007). The phenomenon of losing *mianzi* could be viewed as a damage to an individual's self-image and social position in the community. Therefore, it affects the negotiating results in a negative way (Filieri, Dey & Chen, 2017).

2.4.1.4 Zhongjian ren

The term zhongjian ren refers to an intermediary person that links two or more parties that don't know each other into the business and provides benefits for them (Graham & Lam, 2003). According to Fang (2002), zhongjian ren plays a significant role in balancing two or more parties in guanxi. In a face-to-face negotiation, an intermediary person is required to have high communication skills and sufficient knowledge of the cultures and languages of both parties. Hence, zhongjian ren can explain the body language, facial expressions and translate the actual meaning of a party to another party during the communication (Bohley, Adams & Whitten, 2008). Having a good zhongjian ren can increase the success rate of negotiation since they have a good background of understanding both of the parties during the first business meeting (Akgunes & Culpepper, 2012). Additionally, zhongjian ren is relevant to build a good relationship between two or more parties in a negotiation (Fang, 2002).

Nevertheless, zhongjian ren will face many risks by introducing a new party to other parties in the business context. If the new party acts extremely disrespectful to others or behaves unethically in the initial meeting, this will have a big impact on the intermediary person. In case that event happens, it could affect the relationship between zhongjian ren and the other parties. Therefore, the negotiation will be unsuccessful. As a result, this could lead zhongjian ren to lose their social capital and trust (Gary, 2010).

2.4.2 Portuguese culture

2.4.2.1 Relationship oriented

According to Katz (2017), Portugal is seen as a relationship-oriented country in the business context. Portuguese tend to devote a lot of time to establish good personal networks with others before cooperating. They prefer to work with someone they know rather than a stranger. Accordingly, they are expected to build a strong and long-lasting relationship with their partners in negotiations. Knowing their partners in terms of personality and behaviour can make them

feel relieved since they have a very good understanding of others. Similar to China, saving reputation is an essential cultural value while conducting business. In general, their cultural values are composed of respect, honesty and friendliness.

2.4.2.1 Family-oriented

As one of the collectivist countries, most Portuguese tend to develop a close relationship with their family. They are very loyal to their family. It refers not only to their nuclear family but also extended family. Most people live in the same area with their nuclear families, such as parents and grandparents. They usually give each other support in their life. Compared to other western countries, the Portuguese prefer to spend time with their family more than friends or colleagues (Robalo, Kainzbauer & Durão, 2015).

2.4.3 Hofstede's cultural dimensions comparison between China and Portugal

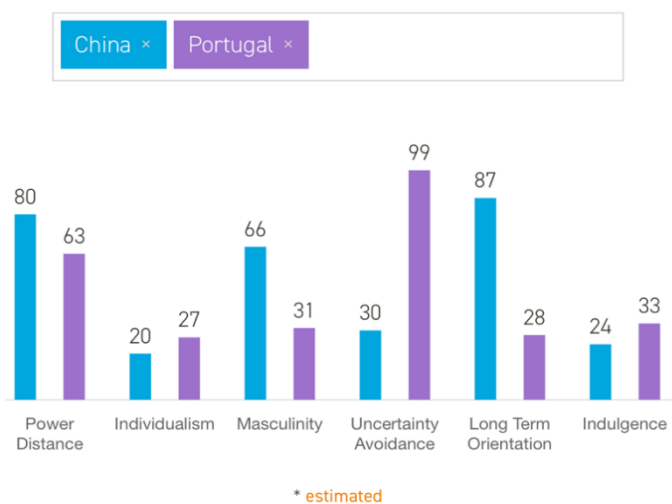


Figure 3- Hofstede's Cultural Dimensions Comparison between China and Portugal (Hofstede, 2021)

For a more comprehensive analysis and comparison between China and Portugal, I have chosen Hofstede's six dimensions model that categorized the culture into Power distance (PDI), Individualism (IDV), Masculinity (MAS), Uncertainty Avoidance (UAI), Long-term

orientation (LTO) and Indulgence. This model was developed by Hofstede to provide a broader perspective on cross-cultural communication. As presented in figure 3, the results of the scores illustrate that the cultures in Portugal and China are similar in three dimensions: Power distance (PDI), Individualism (IDV) and Indulgence (IND). Out of the six dimensions, the other three dimensions are the differences between Portugal and China. Moreover, the results can be used to compare the further research between two countries.

Power distance – PDI: Chen and Starosta (2005: 52) defined power distance as *“the dimension of power distance specifies to what extent a culture adapts to inequities of power distribution in relationships and organizations”* The study of Hofstede (2021) implies that both countries represent a high score of power distance, which means that Portugal and China are the countries with high hierarchical distance. Nevertheless, China obtains a higher score of 80 out of 100 while Portugal represents 63 out of 100. This reflected that people are more likely and expected to accept unequal power by followers and superiors in Chinese society than in Portuguese society (Hofstede, 2011).

Individualism – IDV: Kale (1996: 23) defined individualism and collectivism as *“the relationship between an individual and his/ her fellow individuals, the collectivity which prevails in society.”* (Ghauri, 1996). According to the studies of Hofstede (2021), China and Portugal obtained a low score in individualism, which are 20 and 27, respectively. This means that both countries are collectivist societies where individuals are very likely to live as groups, as most western countries. Triandis (1995) proposed that collectivists give priority to family and group members instead of themselves in particular, as well as their interests. Accordingly, Chen (2001) highlights that collectivist pay more attention to groups’ needs and profits than the individual. Hofstede (2011) pointed out that the word “I” is barely used in collectivism, people care more about group consensus than personal opinions. Also, kindness is always expected in the context and loyalty plays a significant role in a collectivist society.

Masculinity – MAS: this dimension measures the distribution of gender roles in the society. According to Hofstede (1997: 82), “*men are supposed to be assertive, tough, and focus on material success whereas women are supposed to be more modest, tender, and concerned with the quality of life*”. Hence, Smith et al. (1998) described that people focus more on ownership-oriented with a higher score in masculinity, such as Portugal (Hofstede, 2011).

Sultan and Wong (2013) proposed that people in feminine society care more about other members and welfare than the masculine society. As China scores 66 and Portugal scores 31 in terms of masculinity, this means that individuals focus more on the acquisition of welfare and ambition in the Chinese society than the Portuguese society. Regarding family roles, in Portugal, both parents deal with facts and feelings. On the contrary, there is a distinct gender role in China where fathers deal with facts and the mother deals with feelings (Hofstede, 2011).

Uncertainty avoidance – UAI: Chen & Starosta (2005: 52) cited that uncertainty avoidance “*measures the extent to which a culture can accept ambiguous situations and tolerate uncertainty about the future*” (Hofstede, 2015). In a high uncertainty avoidance, individuals are more likely to follow their beliefs and behaviours rather than rules, norms and securities. Portugal illustrates a score of 99 out of 100, whereas China registers a much lower score of 30 for uncertainty avoidance. This indicates that people feel comfortable and flexible toward unpredictable and uncertain situations in Chinese society. Oppositely, people are more concerned with rules and securities in Portuguese society. Therefore, they are less willing to take risks (Matusitz & Musambira, 2013).

Long-term orientation – LTO: this dimension was originally by “Confucian dynamic” and related with some Chinese values such as “mianzi” and concerning time. (Bearden, Money & Nevins, 2006) The long-term orientation of countries such as China focuses more on the future benefits, saving, thrift and perseverance. However, the short-term orientation refers to societies

that focus more on past or present events. They tend to respect tradition, stability. Characterized as people with less adaptability to change the situations, like Portugal (Hofstede, 2011).

Indulgence– IND: this dimension is defined as *“a society that allows relatively free gratification of basic and natural human desires related to enjoying life and having fun”* (Hofstede, 2011:15) After analysing the graphic, we can take the conclusion that both countries can be seen as low score in this dimension. Hofstede (2011) highlighted that indulgence refers to societies with higher welfare, giving importance to freedom, leisure and interest in sports activities. Compared to indulgence, restrained stands for the societies that place less value on seeking happiness, control gratification of needs and involve strict norms. Additionally, freedom for them is not a priority.

2.5 Marketing strategies in China

Besides culture, marketing strategies and communication are increasing their importance in the cross-cultural business context. Understanding better local marketing strategies can help foreign negotiators to develop the most suitable marketing strategies and increase the business effectiveness in the future. (Furrer, 2006)

Fang (2006) stated that the Chinese social-political system involves many variables that are closely related to marketing strategies and technological development. As mentioned previously, Chinese organizational culture consists of many relevant terms such as guanxi, mianzi and zhongjian ren. Thus, the adaptation of marketing strategies became increasingly fundamental in the cross-cultural business for foreign companies, namely through product offering, promotional mix and product or service price (Furrer, 2006). In order to develop the business successfully in the Chinese markets, Portuguese firms should consider three main dimensions in marketing strategies, mobile marketing, big data marketing and branding.

2.5.1 Mobile Marketing

Marketo (2016) proposed mobile marketing as a digital strategy to reach the customers via multiple multi-channels, such as messages, email, social media and other applications. (Kumar & Mittal, 2021). For Grewal, Bart and Zubcsek(2016), mobile marketing is a tool that directly affects brand equity and brand attitudes in the long term.

Among the popular marketing tools, mobile marketing arouses its interests increasingly in recent years in China due to its technological features. The country has more than 989 million internet users in 2020, which account for nearly 70% of the Chinese population. Meanwhile, it has more than 851 million smartphone users in September 2019, which ranked first worldwide (Statista, 2020). One of the reasons for this phenomenon is the Chinese young generation who are addicted to accepting technology and prefer to use their smartphones and the internet for business and social interactions (Kontsevaia & Berger, 2016). According to Statista (2020), more than 80% of Chinese digital advertising revenue is made by mobile advertising. In 2019, mobile advertising spending in China reached 59,25 million dollars. The tremendous growth is expected to reach 112,06 million dollars in 2024.

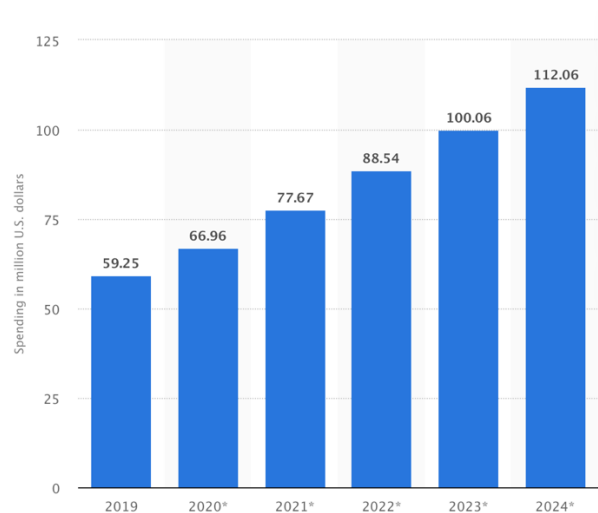


Figure 4-- Mobile advertising spending in China in 2019 with a forecast until 2024 (in million U.S. dollars) (Statista, 2020)

Many international apps play a significant role in the Chinese mobile markets, for example, Kik, WhatsApp, Line, Kakao talk and Gexin. Wechat is a Chinese social media and voice communicating platform that was developed by Tencent. It was first launched in January of 2011. Nowadays, it has over 1,2 billion active monthly users (Statista, 2021). The app successfully combined many innovative features into a single app, including voice and text messaging, QR codes, distance sensor and moment (Yang, Lee & Sun). Accordingly, Kontsevaia and Berger (2016) pointed out that mobile marketing had a great achievement in Wechat. Mobile payment is another unique feature that enables this app to reach a sustainable competitive advantage and differentiate from other mobile apps in the market.

Aside from Wechat Wallet, Alipay is the most popular third-party mobile and online payment platform in China. It was first released in 2014 by Alibaba Group and has 451 million domestic users in 2019 (Statista, 2021). Alipay established a partnership with more than 180 financial institutions, including Visa, Mastercard and Taobao to provide payment service. The technological innovation adaptation allows payments to be more convenient and reliable (Cao & Niu, 2019).

2.5.2 Big Data Marketing

Gartner mentioned five dimensions in Big Data that provide a solid marketing understanding in management: volume, velocity, variety, veracity and value. Volume refers to the capability of an organization's gathering data quantity. Velocity refers to the Big Data's process and analysis speed. Variety term refers to the type of Big Data that is structured, semi-structured or unstructured. The level of trust in Big Data is connected to variety as well. Finally, value refers to the quality of the Big Data, which is highly related to the amount of collecting data and store time (Hiba, Hadi, Shnain, Hadishaheed & Haji, 2015).

In the business context, Big Data Marketing refers to “a common and trendy technology term and practice that could help companies gain actionable insights and create a competitive

advantage in the rapidly dynamic and turbulent business environment.” (Rejeb, Rejeb & Keogh, 2020:60). Big Data Marketing enables organizations to develop their strengths, business models, communication channels, new products and services in a suitable market. (Davenport, 2012) Therefore, reducing the costs and increasing the value creation of the organization. (Zeng & Glaister, 2018).

Some studies identified that customer relationship management (CRM) started to adopt Big Data for their decision-making process on social media recently, aims to identify customers’ behaviour and preferences and address their needs more efficiently. (Amado, Cortez, Rita & Moro, 2018) For long-term effects, effective Big Data Marketing helps the brand to enhance customer loyalty and satisfaction (Rejeb, Rejeb & Keogh, 2020).

The ICAEW report (2017) pointed out that the rapid adaptation of digital and innovative technology led consumers to become more data-oriented in China. Digital transformation is mainly applied in traditional industries supported by the Chinese government. Hence, the Big Data Industry Sector had dramatic growth in China. It represents an increase of 8 billion dollars from 2014 to 2020, approximately (StatInvestor, 2021).

Taobao is a relevant example in the retail industry. It was founded by the largest business-to-business platform Alibaba Corp. group in 2003. The innovative technological system provides a C2C platform for consumers. Taobao has an AI system that collects customers’ preferences, behaviours of searching and clicking. Moreover, recommend the products and services by their preferences in various scenarios to increase their business sales. The recommendation system is based on algorithm models that combine AI and big data. In order to improve efficiency, the company also uses big data for inventory and logistics management. Overall, Taobao is a well-known application that uses Big Data Marketing to offer a variety of choices for consumers, increase their engagement and shopping experience (Zhang, Li, Tang, Chen & Reimers, 2007).

2.5.3 Branding

Bonnici (2015) defined a brand as *“a set of tangible and intangible attributes designed to create awareness and identify, and build the reputation of a product, service, person, place or organization.”* Tek (1999) stated that a brand is a name, term, word, symbol, design, sign, shape, colour or a combination of those factors that introduce products and services of a group of sellers or producers. According to Durmaz and Yasar (2016), the brand is a key factor that differentiates a firm from its competitors. A powerful brand can add significant values to distinct products in the market. Therefore, increase higher market share and profitability.

Analysing consumer behaviour and adopting the local marketing strategies are relevant for international companies to do business with China (Ryans, Griffith & White, 2003). Due to their social status and position, Chinese consumers are more concerned with their family and friends' preferences rather than their self-expression. For this reason, beauty and prestige are fundamental for Chinese consumers when they purchase some product or services (Kosteljik & Alsem, 2015).

An appropriate translation of the brand name is related closely to the brand's expression and image. The automobile company Mercedes Benz had an unsuccessful experience toward it. The brand used an inappropriate name when it first entered the Chinese market. The initial name chosen by the company is “Ben Si”, which sounds similar to the word “death” in Mandarin. Although the name was attractive to Chinese consumers at first, the inappropriate translation made a negative impact on the brand and company. After the company realized the mistake, they changed the name to “Ben Chi” which refers to dashing speed (Pronk, 2016).

3. Methodology

As mentioned previously, the aim of this dissertation focuses on discovering the cultural differences between China and Portugal in the negotiation process. The clustering and categorization of cross-cultural research are useful to identify the cultural differences between two countries. (Brueck, 2002) Thus, I chose the narrative interview to accomplish the goal of the study and have a deeper understanding of the cultural differences.

3.1 Introduction of narrative interview

In human communities, the experiences are always expressed by narratives and we can find them everywhere in our lives. People can recall what happened, put it into a sequence and find some possible explanation by telling their stories (Anderson & Kierpatrick, 2015). As Roland Barthes stated:

“Narrative is present in myth, legend, fable, tale, novella, epic, history, tragedy, drama, comedy, mime, painting (think of Carpaccio's Saint Ursula), stained-glass windows, cinema, comics, news items, conversation. Moreover, under this almost infinite diversity of forms, narrative is present in every age, in every place, in every society; it begins with the very history of mankind and there nowhere is nor has been a people without narrative. . . Caring nothing for the division between good and bad literature, narrative is international, trans historical, transcultural: it is simply there, like life itself.” (1993: 251-2)

As qualitative research, the narrative interview is a useful method for collecting appropriate data. It goes far beyond the other question-answer interview methods. In general, narrative interviews do not have a pre-structured guide in the interview. The narrative interview consists of two parts of communication techniques, story-telling and listening (Anderson & Kierpatrick, 2015). Bruner (1990) pointed out that storytelling refers to a specific point of view that narrative interview is a human expression regardless of education level, speaking language and ethnic origin. Therefore, the answer could not be assumed as right or wrong.

3.1.1 Strengths and weaknesses of the narrative interviews

Compared to quantitative methods, narrative interview enables the interviewer to collect data from different perspectives, such as historical, social and cultural context. In the meantime, let the interviewer have a deeper understanding of participants' experiences. For participants, they have the dominant position during the interviews to control the rhythm, content and direction in most circumstances. Also, they have the flexibility to share their personal experiences and recall how they happened. (Atkinson, Bauer & Gaskell, 2000).

Despite these advantages, there are some disadvantages regarding narrative interviews. Firstly, the participants control the interview process, the outcomes are not always valid information and useful for the researchers. Secondly, unlike the semi-structured interview technique where the interviewer has a formulated guide for interviews, a narrative interview does not have a guide. In general, the interviewer should initiate the interview with some questions to reduce the anxiety and stress for the participant and break the ice. The narrative interview requires interviewers to have good communication and social skills and be a good listener to avoid interrupting the process (Atkinson, Bauer & Gaskell, 2000).

The other weakness is related to the duration. Undoubtedly, the narrative interview is more time-consuming compared to quantitative studies. It is hard for interviewers to predict the duration of the interview process, once it depends on the context, topic and the way that the participant expresses. After conducting the interviews, the analysing process is costly on time as well. (Coughlan, 2009).

3.2 Methodology of narrative interview

In order to understand better the structure and process of narrative interview, Lamnek divided it into five main phases (Brueck, 2002):

1. **The Explanatory Stage:** at the initial phase, the interviewer should ask some questions to break the ice. The goal is to let interviewees feel comfortable and relaxed in the environment in order to share their stories with the interviewer.
2. **The Introductory Stage:** at this stage, the interviewer needs to give a brief explanation and purpose regarding the interview, as well as the context. However, the interviewers should avoid interrupting the interviewees in the narration process.
3. **The Narrative Stage:** after the introductory stage, it's time for the interviewee to share their experiences with the interviewer. Hence, the interviewee is free to talk whatever they desire. Once the narration starts, the narrator should listen carefully to the context and must not make any comments or gestures until it ends. In the meantime, the narrator can take notes regarding their doubts and questions for the further stage. The more information is given by interviewees, the better the investigation results will be achieved. It is advisable for the interviewer to bring a notebook and take notes during the process to not miss some relevant information.
4. **The Investigative Stage:** as the narration finishes, the interviewer is open to ask their doubts in order to obtain more valid information. The aim of this stage is to complete the narration with more details. It is preferable for the interviewer to ask questions by using the words that the interviewees mentioned before to recall their memories and maintain their narrative character.
5. **The Assessment Stage:** this stage is a symbol of the finish of narration. Both parties can't go back to the previous stages. Interesting and small discussions could be developed between interviewer and interviewee. It is crucial for them to interpret the story together in order to correct the collected data.

3.3 Analysing narrative interviews

After conducting the narrative interviews, it comes to the transcription phase. This step refers to the analysis of the recorded interviews. It aims to obtain valid detailed information among a large number of stories and reduce the data. Normally, it is recommended for the researchers to do this step by themselves to be more aware of the content and rhetorical form. Additionally, interviewers should pay attention to the relationship between the participants and their stories (Atkinson, Bauer & Gaskell, 2000).

Schütze (1983) proposed six phases to analyse narrations clearly. Firstly, to transcript all the detailed narration without reducing words. Secondly, separate the narration into two statements: indexical and non-indexical. The first one refers to the 5 “W” s, who, what, where, why and when. While the second is characterized by description (the feeling and experience of interviewees and consequently, the values and opinions emerged by their stories) and argumentation (the reflections of what did not happen in the story, normally refers to the theories and concepts regarding the stories). Thirdly, summarize transcription content, do some interpretation and order them by different scenarios. Fourthly, investigate the non-indexical dimensions, mainly the connection among reflections, separations and theories. Fifthly, compare the content and generate categorization of these stories. Lastly, structure the similar context to the same topic to finish the analysis.

4. Results from the empirical research

4.1 Overview of the empirical research

4.1.1 Demographic Data

The research' target audience consists of Portuguese negotiators that have at least five years of cross-cultural experiences with Chinese companies who are willing to share their ideas about cultural perspectives. The sample group is composed of 25 participants. The selection of the interviewees is non-random, based on some demographic factors such as age, geography and sectors in which they work.

As figure 5 illustrates, the sample is majorly composed of males (64% versus 36%) aged between 32 and 62. To analyse and perceive the distribution of the existing age clearly, I divided it into four groups: younger than 40 years old, 40-49 years old, 50-59 years old and older than 60 years old. The resulting shows that 44% of the interviewees are represented by people between 50 and 59 years old. The second-largest age group is represented by participants between 40 and 50 years old. For the remaining, the age group younger than 40 years old and older than 60 years old represents the same percentage (8%). The other relevant data collected is the average of years that the participants work with Chinese is 18,28.

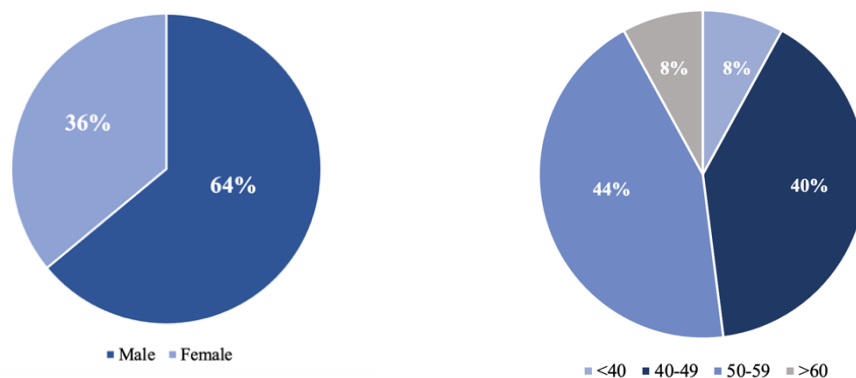


Figure 5- Percentage of sample by gender Figure 6- Percentage of sample by age group

In terms of their work sectors, I chose a sample from a variety of industries to gain a broader perspective. Figure 6 illustrates that nearly a half of participant work in the business sector

(investors, CEO), 16% work in the hospitality sector (who work in restaurants, hotels or Airbnb), 12% work in the real estate sector (residential, commercial and industrial), 8% work in the healthcare sector (doctors that work in the hospitals and clinics), 12% work in the construction sector (infrastructure and industrial) and only 4% work in the IT sector (IT consultancies and software development).

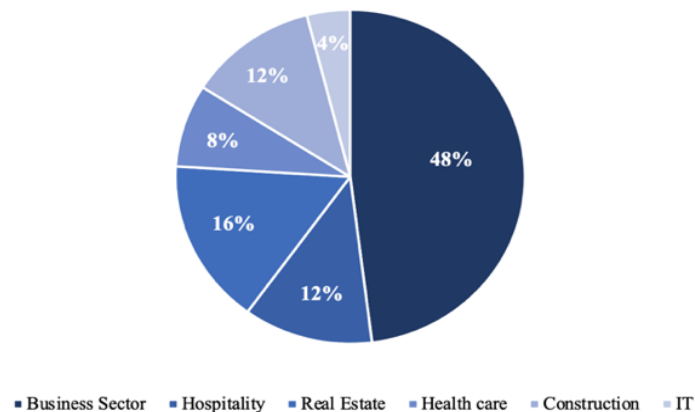


Figure 7- Percentage of sample by work sector

4.1.2 The process of interview

The type of interview that I chose is narrative interviews in order to collect more valuable data within the control of time and process. Each interview has a duration of between 30 to 45 minutes. The process of the interview was started by explaining and clarifying the research objectives. Then, I asked about their demographic data such as age, years that they work with Chinese, their occupation and type of work sector. The one thing that was crucial for the participants to know is that all interviews were anonymous, the collected information will exclusively be used for this dissertation. So, they don't need to be concerned about security and can freely express themselves. Also, I recorded all interviews for me to analyse each one carefully afterwards.

Initially, I contacted 30 Portuguese who had previous negotiating experiences with Chinese. Unfortunately, 2 of them did not meet my requirement of having a minimum of 5 years working experience with Chinese, 3 of them were unable to attend interviews due to the large amount

of their work. So, I decided to use a sample size of 25. Due to the Covid-19 situation, the interviews were all conducted via zoom instead of face-to-face to ensure the security of both sides.

A week before the interview, a brief explanation of my dissertation regarding the research theme and objectives was sent to each participant in advance in order to help them gain knowledge regarding my field of study. The goal is to make the interview more efficient. For starting, an open-ended question was approached to the participant. I noticed that more than a half of the participants were nervous to talk in the beginning. However, the majority felt more comfortable after the first or second question. All of them were very willing to share their experience and obstacles that they faced while negotiating with the Chinese during the interviews. Unlike the focus group, I did not interrupt their answers or discuss with them in the narration process. Most of the time I just listen carefully to their opinion and take important notes. Through all the interviews, I took some notes in the notebook to avoid missing important messages. Before the end of each interview, I always asked them for feedback regarding the interview in order to improve for the next one.

After completing all of the interviews, I collected and analysed all of the data, comparing it to the theoretical parts, and attempting to identify commonalities and differences in the cultures of the two countries in order to categorize them. Finally, I drew some conclusions and recommendations for the Portuguese to negotiate successfully with the Chinese in the future.

Nr	Gender	Age	Working years with Chinese	Speaks Chinese	Type of work sector	Profession
1	M	52	21	Fluent	Business Sector	CEO
2	M	43	10	No	Hospitality	Manager
3	F	34	5	No	Business Sector	Manager
4	M	61	34	A little	Business Sector	Logistic manager
5	F	55	22	No	Construction	CEO
6	M	49	25	No	Business Sector	Innovation manager
7	M	47	8	No	Real Estate	Sales manager
8	M	49	12	No	IT	Manager
9	M	54	23	No	Construction	Manager
10	F	44	15	A little	Business Sector	Marketing manager
11	F	56	38	No	Real Estate	Sales manager
12	M	62	17	No	Business Sector	CEO
13	M	53	20	A little	Hospitality	Hospitality
14	M	47	13	No	Healthcare	Doctor
15	F	59	16	No	Healthcare	Doctor
16	M	59	15	No	Business Sector	Manager
17	F	53	21	No	Real Estate	Sales manager
18	M	52	26	No	Business Sector	Brand manager
19	M	47	12	No	Real Estate	Sales manager
20	F	55	29	No	Hospitality	Manager
21	M	32	7	No	Construction	Manager
22	M	46	12	No	Business Sector	Marketing manager
23	M	49	18	No	Business Sector	Customer manager
24	F	58	31	A little	Business Sector	Sales Manager
25	F	47	7	No	Business Sector	Marketing manager

Figure 8- list of sample group of Portuguese interviewees

4.2 Negotiation styles between China and Portugal

During the data analysis, I discovered some significant differences between the two countries in the negotiation processes. The majority of interviewees described the difficulties in their first negotiation with the Chinese. However, they tried to discover the cultural boundaries and adapt them during the negotiating process, some successful and unsuccessful examples are provided. Fortunately, almost all interviewees enjoyed the experience of working with Chinese and the majority are continuing their businesses with their Chinese partners.

After analysing the findings from 25 interviews, I categorized the answers into five main perspectives that the Portuguese negotiators recognized when doing business with Chinese:

1. Interpersonal relationship
2. Communication style
3. Time orientation
4. Attitude to work
5. Marketing strategies

4.2.1 Interpersonal relationship

Interpersonal relationships are one of the most important factors that the Portuguese should consider before negotiating with the Chinese. The term *guanxi* is crucial in Chinese business for connections or relationships. Chinese business is based on trust, favours and relationships. (Guo, Rammal, Benson & Dowling, 2018) More than 80% of participants recognized that both countries tend to establish a good relationship with their partners. Nevertheless, there are still some differences.

Although both countries are relationship-oriented in the business context, nearly half of the interviewee mentioned that most Chinese value relationships more than Portuguese. Some participants noticed that Chinese relationships are based on trust. Also, from 25 participants, 23 (92%) believe that Chinese are more willing to do business with someone they trust or with whom they have previously done business than with strangers. While the Portuguese do not

mind doing business with people they do not know. Participant 18 affirmed that the Chinese are very kind and willing to help each other and work with the Chinese to reduce their stress. He stated: *“I feel easier and more conformable to negotiate with a Chinese friend than a completely new partner. Also, it takes me less time and effort to complete the business.”*

In China, favours are always remembered, not necessarily in the way that is given, but always in some ways to be returned. Otherwise, the Chinese will feel bad toward it. Participant 6 had an experience regarding this: *“During the negotiating process, my Chinese partner asked me a favour. Although it was difficult to reach, I still tried my best to aim. After that, every time that he comes to my office brings a small Chinese present for me. I refused many times, but he still insists. He even said that he would feel bad if I did not accept it.”*

Contracts are viewed differently by the Portuguese and Chinese. In Portugal, all agreements are based on the signed contracts, they seem to contract as a symbol of business. Although they develop relationships with partners during the negotiating process, once the business finish, they will not spend much time on their old partners. On the contrary, a contract simply refers to a document in China. For them, the contract is the beginning of a negotiation, there is always a possibility to do business with those people again in the future. For this reason, the Chinese try to maintain a strong relationship with their partners and involve the partnership in friendship as the business continue. As Participant 5 said: *“I'm surprised that all my Chinese business partners became my friends naturally! Even our business finished, we still hang out sometimes and grab a drink together. I like this feeling.”* A small part (36%) of participants referred that they received presents from Chinese partners as a kind symbol for the first time.

4.2.2 Communication style

Communication plays a significant role during the negotiation process. It is much more than a simple expression. It is a method of exchanging data. Sometimes, effective communication

arises from all parties' results. Most participants believe that both countries show politeness and respect in business.

From a Portuguese perspective, the Chinese always speak gently and softly when negotiating. They try to avoid eye contact and physical touching. The formal way of greeting in business differs greatly between China and Portugal. To express respect in China, people usually use a gentle handshake. In Portugal, people frequently greet one another with two kisses, one on each cheek. Participant 24 recalled her first meeting experience with her Chinese partner: *"I still remember the first meeting with my Chinese partner. In order to show respect, I greeted him with two kisses on his cheek when he appeared. He just took three steps back and seemed pretty shocked. Then he walked away without saying anything. I assumed that he might not like me somehow. Twenty minutes later, his assistant sent me an email to explain the Chinese culture. Following my apologies, we agreed to reschedule the negotiation. This was my first lesson."*

In Portugal, people are passionate about their friends and family. They usually express their love with kisses and hugs. However, avoiding body contact is necessary for China, such as a hug or touching. Chinese do not like to consider it politely and respect at the first-time meeting. Of the 25 participants, 6 (24%) mentioned that the Chinese do not like others to be very close to them, so keeping some distance with them is a better option.

Regarding the academic titles, most of the interviews have noticed that the Chinese have a similar culture in line with Portugal. According to the level of position and social status in the organization, people have their titles. In general, The Portuguese name consists mainly of one or two given names and the mother's family surname, as well as the father's. In a formal business meeting, people normally use the academic title with their surnames. In China, using a title is a respectful symbol in the business context. Participant 13 mentioned: *"Similar to Portugal, I always treat people as Sir or Madam with their surnames in China if we don't know the title of the people that we are talking to. The only difference is their surnames are shorter than ours."*

Their surnames are only composed of 1 character in Chinese. Participant 2 does not understand why the Chinese prefer to treat their close friends by using titles such as “manager” and “boss” besides the business context, while in Portugal, they usually call friends directly by their names without a title.

Another aspect related to communication style is the way to say “no”. Portuguese are more direct in their communication. When the Portuguese do not agree with some opinions, they express their feelings and refuse what they disagree with. Constantly, the Chinese are more indirect and have difficulty saying “no”. They consider it rude to say “no” on a formal occasion. As mentioned previously, Chinese have a mianzi culture. Thus, sometimes they use silence to hide their feelings and anger. On the other hand, saying “yes” means giving others respect and saving their face. Participant 8 stated that: *“Chinese always say yes to everything with a smile. However, it does not mean that they agree or are satisfied with the results. From my experience, we need to ask them again and analyse their faces to understand their actual feelings.”*

In terms of formality, all participants noticed that Chinese treat others formally and politely in the business context. Similar to Portugal, people usually communicate with each other in a respectful manner through phone or email. However, there are still some minor differences. Many Portuguese use informal communication with their work colleagues with the same age. In China, formal communication with work colleagues is required in the company, even if you are friends or having the same age.

4.2.3 Time perspective

Another aspect that I found while analysing the collected data is time perspective. From 25 participants, 22 realized that the Portuguese have a different attitude toward time than the Chinese. It is interesting that all interviews agreed that the Chinese are more punctual than the Portuguese.

For Portuguese, it is customary to arrive 10 minutes or 20 minutes late for a meeting. Most of them used to arrange an excuse, whether valid or not. While in China, time management is a crucial concept. Participant 6 stated: *“I have worked more than 20 years with Chinese, they are always on time.”* Then he added: *“Most of them often arrive earlier before the meeting, normally 10 minutes or 15 minutes. They’d rather be early than late.”*

Regarding the time orientation to deadlines, the Chinese represent a stricter attitude on deadlines than Portuguese. Most participants mentioned that the Chinese respect the presenting and delivering time. They customarily finish the work earlier than the deadlines. Participant 10 affirmed that her Chinese partner always delivers the report 2 or 3 days earlier than their deadlines. However, participant 22 had a bad experience regarding the time orientation, he explained: *“You know, Portuguese are quite flexible toward time, it is normal for us to deliver a report one day or two days after the deadline. No stress for anybody. But I felt completely different from the Chinese. Once I didn’t deliver my work on the deadline without any explanation because I couldn’t finish it. I thought that it would not be a big deal, the next email that I received from them was the cancellation of our negotiation. Well, I knew that it was my fault, but it was only one day later. Now I understand why.”*

Another aspect pointed out by the participants is the level of motivation. In general, participants felt that the Chinese are more motivated than the Portuguese in work and they always focus on the results. As a CEO, Participant 1 mentioned the fact: *“I really appreciate Chinese’s attitude toward work. They are very careful and ambitious. Most Portuguese just finish their task at the minimum level whereas Chinese always try to achieve more than we require.”*

In terms of break time, Portuguese usually spend some time relaxing during work, which gives them a lot of positive feeling and energy when they go back to work. The coffee break takes 3 to 4 times per day and the period is between 5 and 15 minutes. However, the term coffee break does not exist in China, they prefer to do all the work continuously until it finishes. They only

relax at the proper time, for instance, during lunch break or after work. Almost 70% of interviewees noticed that the Chinese do not have a coffee break during their work time. Participant 18 confirmed: *“It is very common for Portuguese to have a coffee break when we are stressed about work. It helps us to relax a little bit. Then we can be more concentrated and efficient back to work. In China, they do not have a coffee break. They do not stop working from starting to the end beside lunchtime”* Participant 2 believed that a coffee break is necessary for China: *“I understand their high competitiveness in the company, but they need some break to relax their mind. Otherwise, they will be very tired.”*

4.2.4 Attitude to work

As both countries are collectivist, they tend to have a good relationship not only with their nuclear family but also extended family. For the Portuguese, work is not the most important thing in their life. Although China is a family-oriented country, they give priority to their work. On the other hand, Portuguese give more importance to their family, they usually have a tradition to spend one or two times on their “family day” with the whole family. Participant 2 described the word *“family first”* as Portuguese culture.

Most participants explained that they prefer to spend time with family and close friends instead of being with their colleagues after work time. They clearly separate their work and family. From 25 participants, 19 (76%) stated that they have difficulty creating a friendship with their colleagues. So that they feel Chinese are very friendly and kind to include them as friends. Participant 17 was shocked about the Chinese kindness: *“Let me talk about my first business journey in China. My Chinese partner was so kind and friendly, he picked me at the airport and then took me to many famous sightseeing places in Beijing. It was our first meeting personally and I felt like he treated me like an old friend.”* Participant 11 had the same opinion: *“You can’t believe that my first Chinese client invited me to drink cocktail with his friends after our first meeting. We even signed the contract on the dinner table in the restaurant. It was amazing!”*

Contrarily, more than a half of the participants noticed that Chinese do not balance their personal life and work due to their high competitiveness. Although they agreed that Chinese dedicate a lot to their work, it is difficult for them to separate their private life and work. From 25 participants, 24 (96%) of them affirmed that Chinese are hard-working. Participant 16 even described Chinese work 24/7 per day: *“I’ve been working 15 years with my Chinese partners. It seems that they do not have a private life. Whenever I send them an email, they take no longer than 2 hours to respond to me, even on the weekends.”* Participant 15 had a similar opinion: *“Once my patient told me that there is a popular term in China ‘996’, then he explained the meaning of it, working from 9 am to 9 pm per day and 6 days per week. Honestly, I was shocked by that. It is impossible for a person to work that much in Portugal.”*

Based on the experiences from these interviews, the conclusion came that Chinese people socialized a lot with their work partners after work in order to establish a good relationship. They usually go grab a drink or organize some company parties regularly after work. From 25 interviewees, 23 affirmed that they really enjoyed the Chinese organizational culture, 18 became friends with their Chinese partners successfully after their business.

4.2.5 Marketing strategies

As a digital-oriented country, China’s e-commerce is very popular among the young generation. From 25 participants, 11 (44%) highlighted that the Chinese spend a lot of time on their smartphones. Participant 22 sees that as an opportunity for business: *“I noticed that Chinese love to use WeChat to communicate with each other. I also installed one. It is similar to Facebook with more features such as mobile payment and QR code, that’s a very intelligent creation.”* Then he added: *“I have been thinking of launching some real estate’ advertising on this app to attract potential consumers. I’m pretty sure that it will work.”*

Branding is an indispensable element for foreign companies to enter Chinese markets. More than half of managers in the business sector mentioned that brand communication is very

relevant in the market strategies. 84% (21 out of 25) interviewees noticed that the Chinese care a lot about their image and reputation because of the mianzi culture. As a brand manager, Participant 18 doubted the Chinese preference regarding luxury brands to show their high social class: *“In recent years, the famous luxury brands pay a lot of attention in the Chinese market. They always create products that include Chinese or Asian elements to attract consumers’ attention and increase their sales.”* Participant 25 had the same opinion as participant 18: *“Chinese are obsessed with luxury brands. They are willing to spend their one month, two months, even three months’ salary to buy a Louis Vuitton or Gucci bag, when they know clearly that they cannot afford it.”*

Hunger marketing is *“a kind of marketing strategy where the commodity provider deliberately restricts the supply of product to achieve the phenomenon of excess demand, has been applied in many promotion campaigns.”* (Chen, Kuo, Jhan &Chiu, 2014) Almost all interviewees affirmed that hunger marketing is not very popular in Portugal. From the 12 interviewees who belong to the business sector, 83% (10 out of 12) believed that hunger marketing would not have a big impact in the Portuguese markets compared to traditional marketing. On the opposite, hunger marketing plays an important role in the Chinese market due to consumer buying behaviours. Participant 24 gave an example of successful hunger marketing in China: *“I had an opportunity to work with a Chinese local brand five years ago. While deciding the marketing strategies in the meetings, the Chinese manager mentioned hunger marketing. So, we developed a lot of efforts to research on the strategy in order to reach success. Fortunately, we achieved a great sales performance thanks to the hunger marketing.”* Also, the success of this strategy can be seen in the real estate sector. The more resources you give to the Chinese, the less they are interested. Participant 7 stated that hunger marketing is a magnificent tool that improves sales performance in China.

Although China adopted the Gregorian calendar for the official calendar to facilitate international business, they still celebrate the lunar calendar’s festivals. More than 75% of

interviewees in the business sector and hospitality sector agreed that they achieved higher profits by launching products in the Chinese lunar calendar's holidays.

5. Guidelines

Based on the literature review and results of comparison between Portuguese and Chinese in the business context, both countries illustrate many differences during the negotiating process. Hence, the guidelines are the combination of the previous results and some suggestions. They will be useful for the Portuguese to be aware of and analyse before starting negotiations with the Chinese.

1. Be prepared before meeting

Chinese markets are constantly changing. In this way, it is fundamental for the Portuguese to invest significant time and resources before conducting business with the Chinese. The aim is to increase the efficiency and the success of the negotiation.

Firstly, have self-awareness in the organizational way and personal way, identify the opportunities and negotiating goals, evaluate the strengths and weaknesses in the business context. Secondly, being familiar with the counterparty's company and your specific Chinese partner is required, especially her/his title and position in the company, the speaking language and the negotiating style. Sometimes understanding your business partner achieves better outcomes than strategic goals. Thirdly, the Portuguese should obtain sufficient knowledge of the local market and company research previously to maximize the existing resources.

Regarding the negotiating process, there are a few details to be aware of. At the beginning of the meeting, greetings are particularly important social etiquette. Body language should be avoided in China. In general, the Chinese will expect their partners to have their proposals copies for everyone to analyse during the meeting. During the negotiation, both parties should exchange information and adapt strategies for the business agreements. Mutual respect is required in communication. Finally, a series of actions should be implemented after negotiation.

As guanxi is essential in China, most Chinese business is based on a good relationship, for example, if A knows B, B knows C and C desire to do business with A, B could be a zhongjian ren to introduce and link A and C as business partners. In case you do not know anybody in China, one of the solutions is hiring some Chinese employees or consultants that bring adequate local knowledge toward Chinese culture and business practices. This can increase the efficiency of negotiation.

2. Establish and maintain a good relationship after negotiation with Chinese

Building trust is essential in Chinese Negotiation- It is essential to obtain the trust of your Chinese partner. Try to turn the business partnership into friendships if it is possible. In China, knowing the right person is much more valuable than what you do. It is much easier to work with Chinese friends than a first-meet stranger who is independent of the intelligence, achievement or qualification of the person. For this reason, going to grab a drink or have dinner with our Chinese partner after work will be a valuable option.

Additionally, some small gifts like books, perfumes could be given to Chinese partners properly. It is a symbol of kindness and helps both parties build a lasting and trusting relationship in the future. Keep in mind that you always need to return the favour if you accept one previously, no matter when and where.

3. Signing a contract is only the beginning of the negotiation

Portuguese focus more on the formal contract and terms whereas Chinese focus more on building relationships with their partners. For most Western countries, the contract is the end of the negotiation. However, a contract means the beginning of a new business relationship in China. Maintaining a long-lasting relationship with the business partner is extremely important in China. If you have a good relationship with the Chinese, it is not a problem to change some terms in the contract one day in the future.

4. Always remember to give Chinese mianzi

Compared to Portugal, which is a more straightforward country in business, the Chinese are much softer and more euphemistic. It is crucial to maintain your Chinese partner's mianzi, whether in the business context or informal circumstances. Losing mianzi may damage your reputation or lead to the end of the negotiation. Even though you don't agree with some points, do not say "no" or reject them immediately, use a more indirect way and gentle tone to explain your opinion is better.

5. Try to reach the right business people

As China is a hierarchical country, it is easier to do business when you reach people with high status and hierarchy, such as senior executives or CEOs in the company. In general, they are always the people that decide the results of business deals in Chinese organizations. On the other hand, you can always find a zhongjian ren, which refers to an intermediary, which refers to an intermediary person. They are the people that build a bridge between two strangers that first do their business and associate with a good connection.

6. Avoid misunderstanding in communication

As both countries speak completely different languages and have dissimilar traditions, avoiding misunderstanding is necessary during the negotiating process. For instance, body contact should be avoided in the meeting with Chinese negotiators. Portuguese should always respond politely and formally to their business partner, whether speaking or in a written way. It is relevant to maintain a calm attitude during the negotiating process with the Chinese. Showing embarrassment or excessive expression will lead to a negative impact on the final results.

Due to the mianzi culture, the Chinese do not say "no" directly to reject or deny some suggestions, they usually use the words "maybe", "not bad", "good try" or start to talk about some irrelevant context to avoid continuing. So, analysing carefully the meaning of "yes" is required in the business context.

7. Take into consideration transparency

It is fundamental to illustrate transparency in the negotiation with the Chinese. During the negotiating process, Portuguese companies should be transparent about their existing resources, owned licenses, capital assets and operations. Chinese do not take risks with foreign companies that have no resources that meet their conditions.

8. Have a time concept in the mindset

Chinese are very rigorous toward punctuality, so if you try to be on time in a scheduled meeting, arriving 5 minutes or 10 minutes earlier will be respectful. However, don't deliver the report or word context after the deadline. Even though you have a valid excuse, explain to your partner in advance. Otherwise, they will be stressed because of you.

9. Schedule a proper time for negotiating meeting

In China, the work time is from Monday to Friday between 8 am and 6 pm. In the morning the common breakfast time is between 6 am and 8 am, the lunchtime is between 11 am and 12:30 pm, and the dinner time is between 5:30 pm to 7 pm. Some people take a lunch break between 12 pm to 2 pm to relax, therefore they don't talk about work issues with other people during this period.

In China, it is acceptable to schedule a negotiating meeting during lunchtime or dinner time to socialize with business partners. Usually, the dinner occasion is more formal than the lunch occasion. However, it is crucial to schedule the meeting time a few days earlier. Be careful that Chinese holidays are different from European holidays.

10. Adopt digital media for brand communication and use e-reputation

Due to the boost in internet users in China, Portuguese can use multiple digital marketing channels to explore more opportunities to interact and reach the right audience. The e-word of mouth is a useful marketing strategy in China because consumers believe in content easily on

digital platforms. The different ways of advertisement attract Chinese consumers and change their decision-making process easier. In spite of the quality of the content and right target, having cooperation with influential bloggers and celebrities will be a good option to enhance brand loyalty and awareness.

There are three popular Chinese applications for e-reputation: Wechat, Weibo and RED. Wechat is a suitable tool for Portuguese companies to communicate and establish a relationship with Chinese partners and clients.

Similar to Twitter, Weibo is an application that provides various services, such as live streaming, sending messages, following brands and gaming activities. There are many advantages for companies to invest in advertisements on Weibo. Firstly, the cost of publicity is relatively low compared to other platforms. Secondly, the interaction level between the company and the user is high. Every time there are some big events or advertising, the viral marketing effects spread quickly by users in Weibo, whether the content is credible or not. Overall, this is a great platform to increase brand awareness and engagement through E-word of mouth.

RED is a social media and e-commerce platform that allows users and influencers to share useful information regarding the products they bought, interesting experiences and lifestyle by posting photos and short videos, as well as promote and sell the products. This platform provides opportunities to have a better understanding of Chinese consumers' preferences, behaviours and decision-making process. Therefore, reach the right audience.

11. A cashless society

China is considered as one of the successful cashless societies worldwide. WeChat Pay and Alipay are the two dominant mobile payments methods that connect the business and financial systems. These are highly convenient applications that allow people to use mobile payments on everything in many cities across China, such as purchase groceries, taxis and restaurants. In

terms of mobile payment transactions, it is easier and faster than any bank transfer. As long as you have the internet, you can receive the money in five seconds. So, one of my recommendations for Portuguese is to experience a cashless life by using WeChat Pay or Alipay in China.

6. Conclusion

China is one of the fastest economic developing countries for foreign countries to invest in and negotiate to. The goal of this study is to study the cross-cultural differences and marketing strategies between China and Portugal in the negotiation process from a Portuguese perspective.

With globalization and dramatic economic growth, more and more Portuguese firms expand their business to the Chinese market. However, the two countries have completely different cultures and have distinctive characteristics. Their values, beliefs, morals and customs differ a lot not only in the social context but also in the business context. Chinese culture is mainly based on Confucianism. Guanxi, mianzi and zhongjian ren are fundamental factors to understand before doing business with Chinese. As a digital-oriented country, the collected data shows that China has nearly 70% of internet users which stimulates the mobile market, Big Data market and Branding. Hence, adopting digital marketing strategies is necessary when conducting business with China.

Thus, these incompatible cultural issues could make the negotiations inefficient. In the cross-cultural negotiating process, mutual understanding and avoiding conflicts are required. Understanding how to deal with these differences can develop a good business relationship, therefore, increasing the possibility of success for both parties.

Although the narrative interview is a time-consuming qualitative method, it provides a broader vision of cultural differences. The current research uses a narrative interview method based on the 25 Portuguese negotiators that have had cross-cultural working experiences with Chinese negotiators and were willing to share their interesting experience. After the categorization, some differences were presented:

1. **The interpersonal relationship:** From the Portuguese perspective, China is a relationship-oriented country in the business context and they prefer to do business with someone they

trust rather than strangers. For them, the relationship is much more important than a contract.

2. **Communication style:** Chinese are seen as more indirect in communication than Portuguese. They always speak gently and softly. Avoiding body contact is necessary for face-to-face meetings. The term “yes” does not mean that they agree or approve of your opinion.
3. **Time orientation:** Chinese are considered very strict regarding time management. They always respect the time and demonstrate their attitude at work to achieve perfection in their work. Thus, being late without a valid excuse means disrespect for time.
4. **Attitude to work:** Both countries are family-oriented, they prefer to spend more time with their family than business colleagues. However, the Portuguese felt that the Chinese are very hard-working people. Accordingly, they considered that the Chinese have difficulty separating their private life and work.
5. **Marketing strategies:** Portuguese found that e-commerce has a great success in China and they see that as an opportunity in the future. For the business sector, brand communication and marketing adaption are crucial before entering the Chinese market.

Based on the investigation of Robalo, Kainzbeaur and Durão (2013), we can say that there are some connections between the categorization and the existing studies regarding to the culture. The interpersonal relationship is supported by the collectivism in Hofstede's six dimensions model. Time orientation can be linked to Hall's high-context and low-context culture, Lewis model and Hofstede's six dimensions model and from different perspectives. The communication style is reflected in Hall's high-context and low-context culture. However, the marketing strategies and attitude to work are categorizations that could not be link to other dimensions.

After analysing the cultural differences between Portugal and China, some guidelines are given to Portuguese companies to better understand the behaviours and actions of the Chinese.

Cultural adaptation is required in the negotiation process to increase efficiency. This research aims to be a useful tool for the Portuguese to increase cross-culture knowledge and increase cultural awareness. Accordingly, help them adapt strategies before conducting business with Chinese. The aim is to lead the negotiation successfully and establish a future relationship between them.

6.1 Limitations and future research

The present research investigates the cultural differences between China and Portugal from the Portuguese perspective. There are several limitations in the study that should be taken into consideration when interpreting the results and some possible further research could be considered in the future as opportunities.

Firstly, the sample is not representative of the general population of Portugal. I researched with only 25 interviewees in methodology without geographic limitation. The sample is mainly from the centre of Portugal. From this starting point, this limitation makes this study be possible to conduct some further research with a geographic criterion. In different areas, people may have different negotiation styles which could result in some interesting outcomes.

In line with the digital development in China, the millennials and Generation Z are the main target that grew up in the digital and technological environment. They spend a lot of time on social media and blogs. Thus, a study to compare the digital experience between Chinese consumers and Portuguese consumers would be interesting to explore in the future.

Additionally, this research investigates the negotiation style from only one side, which is the Portuguese perspective of Chinese culture. Hence, developing research from a Chinese perspective, interviewing Chinese about their negotiating experiences with Portuguese and making a comparison to this study is a considerable proposal.

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