TABLE OF CONTENTS

| I. | Introduction | 9 |
|------|---|----|
| II. | Prior research | 11 |
| | A. Intercultural studies | 11 |
| | B. Studies on business in China | 12 |
| III. | Methodology | 15 |
| IV. | Data and information | 17 |
| | A. Brief introduction to Chinese history | 17 |
| | 1. Origins of Chinese civilisation (-21st century BC) | 17 |
| | 2. Founding and transition of the early stage (21st century-221 BC) | 20 |
| | 3. Feudal society history (221 BC-1919 AD) | 21 |
| | 4. The history of the Republic of China (1919-1949) | 29 |
| | 5. The history of the People's Republic of China (1949-present) | 32 |
| i | B. Historical overview of the Chinese culture | 36 |
| | 1. Philosophical grounding | 36 |
| | 2. Chinese traditional culture (-1840) | 45 |
| | 3. Transformation from traditional to modern culture (1840-1919) | 50 |
| | 4. Contemporary Chinese culture (1919-now) | 52 |
| | C. Broad description of the Chinese legal system | 56 |
| | 1. Historical development of the Chinese legal system | 56 |
| | 2. Structure of laws, rules and regulations | 65 |
| | 3. Overview of today's judicial system | 68 |
| | 4. Important legislation since the openning up of China in 1979 | 70 |
| | 5 Problems in the legal system of the People's Republic of China | 71 |

| > D. Concise summary of the Chinese political system | 73 |
|---|------------|
| 1. The state structure of China | 73 |
| 2. Reforming the political system | 73 83 |
| \times E. Brief outline of the education system | 84 |
| 1. General introduction to the development state of education | 84 |
| 2. Education classification | 86 |
| F. Economic regions | 89 |
| G. Market economy and the Chinese people | 91 |
| > H. The psychology of the Chinese consumer | 96 |
| 1. Saving prior to consuming | 96 |
| 2. Purchasing competitions | 98 |
| 3. Brand loyality | 99 |
| 4. Special consuming psychology | 100 |
| I. Business activities and government officials | 101 |
| 1. The relations of business and government in China | |
| 2. Communicating with government officials | 101 |
| J. Gift-giving in China | 103 |
| 1. Gift-giving and courtesy | 106 |
| 2. Gift-giving and corruption | 106 |
| 3. Conclusion | 108 |
| | |
| K. Negotiation in China | 111 |
| 1. Introducory remarks on negotiation | 111 |
| 2. Chinese negotiation style | 112 |
| 3. The role of banquets in the negotiating process | |
| 4. The strategies used in negotiation | 116 118 |
| | |

| Results | |
|--|--------|
| A. Preparing for market entry | 125 |
| 1. The difference of social environments | 125 |
| 2. Economic environment differences | 127 |
| 3. Trust issue | 128 |
| 4. Culture shock | 129 |
| B. Understanding government policy and relevant law | 130 |
| 1. Relevant laws and regulations | 130 |
| 2. Basic policy on China's utilisation of foreign investme | nt 134 |
| 3. China's foreign trade policy | 142 |
| C. Investigating the investment and trade environment | 144 |
| 1. Eastern Region | 145 |
| 2. Middle Region | 148 |
| 3. Western Region | 149 |
| 4. Special Economic Zones and Bonded Areas | 151 |
| 5. Hi-tech development zones | 155 |
| 6. Opening structure | 156 |
| 7. Conclusion | 158 |
| D. Choosing the form and area of involvement | 158 |
| 1. A disscussion of closely related issues | 158 |
| 2. The major trade forms | 161 |
| 3. Foreign direct investment | 169 |
| E. Finding a good partner | 174 |
| 1. Identification of partners | 174 |
| 2. Contact with and selection of the partner | 177 |
| | |

| | F. Setting up the operational structure | 179 |
|------|---|-----|
| | 1. Chinese-Foreign Joint Ventures | 179 |
| | 2. Cooperative Joint Ventures | 181 |
| | 3. Wholly Foreign-Owned Investment Enterprises | 183 |
| | 4. Resident Representative Offices | 185 |
| | G. Dealing with human resources issues | 187 |
| | 1. Human Resources and Personnel Management | 187 |
| | 2. Human Resource challenges for foreign invested enterprises | 191 |
| | 3. Conclusion | 203 |
| | H. Creating relationships | 204 |
| | I. Promoting products and services | 211 |
| | 1. Choice of marketing strategy | 211 |
| | 2. Promoting products | 214 |
| | 3. Advertising in China | 217 |
| | J. Building up a good reputation | 226 |
| VI. | Conclusions | 233 |
| | A. Negotiation | 233 |
| | B. Contract | 233 |
| | C. Implementation | 234 |
| VII. | Appendices | 235 |
| | A. Abbreviations | 235 |
| | B. References | 236 |
| | | |
| | | |