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**CULTURAL DIFFERENCES IN CONDUCTING
INTRA- AND INTER-CULTURAL NEGOTIATIONS:
A SINO-CANADIAN COMPARISON**

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Abstract. A study on conflict resolution strategies of Canadian and Chinese (Peoples Republic of China) executives was conducted. Responses to two types of joint project conflicts—task-related and person-related with potential partners from their own culture or from the other culture—were examined. Neither group of executives altered its strategy when negotiating across cultures. Chinese executives were more likely to avoid conflicts but recommended more negative strategies (discontinue negotiation; withdraw negotiation) when conflict emerged. Person-related conflicts were found to generate more negative responses than task-related conflicts, especially for Chinese executives. Both Canadian and Chinese executives preferred to negotiate with Canadians than with Chinese.

A growing body of research has emerged over the past decade looking at cross-cultural differences in negotiation style [Fisher 1980; Tung 1984]. These studies conclude that people of different cultures use significantly different negotiation approaches. These different approaches include communication styles used, persuasion strategies employed and protocols followed. While these negotiation studies all point to possible differences in the way conflict is viewed and managed, little attention has been paid to differences in reacting to cross-cultural conflicts in negotiations. Yet, the handling of conflict is critical to any effective cross-cultural negotiations.

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When two parties negotiate in a joint project, buyer/seller relationship or any other business context, conflict inevitably arises [Habib 1987]. It may arise because of differences in the perceptions of the decisionmaking environment, or preferences for particular actions, behavioral styles and/or goals between the parties [Fisher 1974]. How the parties respond to conflict also depends on a number of factors, including the nature of the conflict, the cultural orientation of the individuals, and the affiliation of the parties. It is clear that how the parties perceive, respond to, and choose to resolve conflicts is critical to the success of any long-term business relationship.

Individuals from different cultures are known to adopt different conflict resolution strategies. Ting-Toomey [1988] proposed that members of collective cultures perceive and manage conflict differently from those in individualistic cultures. Executives from two cultures—Canadian and People's Republic of China (PRC)—were asked to respond to conflict in the context of a joint project negotiation scenario. They responded under two conditions—when the potential partner firm was from their own culture and when the firm was from the other culture. Each executive evaluated potential partner firms that would likely cause two different types of conflicts—“person” related and “task” related—using in-basket decision scenarios. The study used a 2 (*Country*: Canadian and PRC executives) by 2 (*Culture*: Intra- versus Inter-cultural) by 2 (*Conflict*: Person-related versus Task-related conflict) experimental design.

This study differs from existing literature by studying: (1) how executives from collective and individualistic cultures react to conflicts in joint projects, (2) how intra- and inter-cultural negotiations differ, and (3) how person-related and task-related conflicts generate different resolutions by executives of collective and individualistic cultures. The study employs decision scenarios as the research tool compared to surveys and/or simulated negotiation games. We pay particular attention to the executives' choice of conflict resolution strategies and their expected outcome.

Conflict Management Styles

The conflict management literature (e.g., Rahim [1983]; Rahim [1990]; Rubin and Brown [1975]; Tjosvold [1991]) identifies five types of conflict resolution strategies: compromising, obliging, avoiding, integrating and domineering. These five styles are based on the level of concern the party has for himself or for others. At one extreme, in the domineering orientation, the actor is primarily concerned with himself/herself. At the other extreme, in the obliging orientation, the actor sacrifices his/her interest for the other. In between are compromising or “splitting the difference, avoiding” styles, and an integrating style which considers the interests of both parties.

Collectivism/Individualism and Conflict Resolution

The differences between the Chinese and North American culture are well documented. The Chinese culture is collective and of “high context.” The

North American culture is individualistic and of "low context" (see, e.g., Chan [1986]; Ch'ien [1973]; Hall [1976]; Hsu [1970]; Moore [1967]). Collectivism emphasizes group harmony and interdependence. Individualism emphasizes individual rights and independence. These differences are known to affect how organizations perform (see Adler and Doktor [1986]), whether people are regarded as in- or out-group members [Gudykunst et al. 1992] and how executives make decisions (see discussions by Hofstede [1980]; Tse et al. [1988]).

A number of studies address the effect of collectivism/individualism on executive negotiation strategies and process. For example, Graham et al. [1988] reported that in two-person, buyer-seller simulations, it is more effective to use problem-solving integrative strategies to negotiate with Americans, and competitive (domineering) strategies to negotiate with Chinese. Goldenberg [1988] reported that American negotiators tend to be authoritative, autocratic and in a hurry to make a deal, while Chinese negotiators dislike taking the initiative and normally pay more attention to maintaining a harmonious relationship. This is consistent with the Ting-Toomey's [1988] "face negotiation" theory.

Ting-Toomey states that collective societies tend to avoid open conflict, and when a conflict emerges, it must be resolved in inner circles before it becomes serious enough to justify public involvement. When successive efforts within the inner circle fail, the conflict is likely to be met with resolute force by the authorities. This approach is known to prevail in Chinese culture, and has been supported by studies in comparative law [Li 1979]. The collective orientation that emphasizes harmony and minimizes disruption would likely motivate PRC executives to avoid potential conflicts or to smooth over issues. This tendency for PRC managers to react negatively to pending conflicts is hypothesized as H1 (see Table 1).

Consistent with this, Chinese negotiators have been observed to use delaying tactics [Hendryx 1986]. Trubisky, Ting-Toomey and Lin [1991] found that Chinese used more obliging and avoiding conflict resolution styles than did the American subjects. Tse et al. [1988] found that PRC executives followed traditional Chinese values (e.g., concern for social relationships, etc.) in their decisions, while the Canadian executives showed more concern for goal achievement. In their decisions, PRC executives were also found to be more dichotomizing (i.e., inclination to classify the world into extremes—black or white, evil or good [Moore 1967]) and more likely to consult their superiors, while Canadian executives were found to be less dichotomizing but also less decisive (H1a, see Table 1).

As power-holders in a society committed to fostering harmony, leaders in Chinese society are known to assume undisputed authority [Stross 1990, pp. 217-18] that subordinates turn to when they feel uncertain about a decision (see Chan [1967]). Unprecedented decisions (e.g., about resolving a conflict over a different technology) therefore prompt consultation with superiors.

TABLE 1
Summary of the Hypotheses

Variables Investigated	Relevant Constructs	Hypotheses
H1: Reaction to conflicts	Collectivism/Individualism	PRC executives more negative to conflicts
H1a: Delaying decision	Dichotomization	PRC executives more ready to dichotomize
H1b: Consult superior	Hierarchical Authority	PRC executives consult more with superior
H2: Motivations underlying decisions	Emphasize Relation in Collectivist Society	PRC executives use maintaining relationship as key motivators. CDA executives use personal motivation as key motivators
H3: Intra- vs inter-cultural joint projects	Rational Decisionmaking	Executives do not use different strategies when the project is inter-cultural
H3a: Intra- vs inter-cultural joint projects	Globalization of Rational Decisionmaking Models	PRC & CDA executives do not differ when the project is inter-cultural for PRC & CDA executives
H4: Resolving different conflicts by PRC & CDA executives	Collectivism/Individualism	PRC & CDA executives differ in their use of resolution strategies for task-related and person-related conflicts
H4a: Negativity towards Person-related conflicts	Group Harmony	PRC executives more negative than CDA executives

CDA denotes Canada; PRC denotes People's Republic of China.

Person-related conflicts, on the other hand, are extremely well understood, with well-known methods and precedents for conflict resolution, thus requiring less consultation with superiors. Western managerial philosophy emphasizes that individuals be responsible for all decisions by themselves. Turning to superiors for instruction on ordinary conflicts, particularly task-related conflicts, could signal incompetence at one's level of responsibility. H1b (see Table 1) describes how cultural individualism/collectivism is expected to affect the choice of conflict resolution strategies.

The motivation for favouring certain norms over others is also driven by cultural factors. Societal norms are known to reward those who subscribe to them and punish those who deviate [Hofstede 1980]. Thus, norms should affect motivation of executives in their decisions. Because PRC executives are from a collective society where relationships are a major mechanism for maintaining stability, they would likely rate maintaining relations (Impress other Party, Influence other Party) as key motivators in their negotiation

strategy. In contrast, Canadian executives would likely emphasize personal motivations (Self-Esteem, Position in Company) or situational explanations as key motivators (H2).

Intra- versus Inter-Cultural Negotiations

There is no consensus on whether decisionmakers extend their domestic negotiation styles to negotiating with cross-cultural partners. Managers may assume different negotiation styles with parties of another culture to seek greater cooperation [Graham 1985]. When dealing with members of a foreign culture, a manager may try to adopt behavioral patterns similar to the other party. The negotiators who appear similar may be more attractive to the other party and, thereby, enhance the bargaining outcomes (see review by Evans [1963]; Rubin and Brown [1975], and Francis [1991]).

On the other hand, the rational decisionmaking model suggests that executives will not negotiate differently with parties of another culture. A business deal is a business deal, and profit maximization knows no cultural boundaries. Adler and Graham [1989] found no consistent difference in strategies adopted by managers when in intra- and inter-cultural negotiations. Under this model, managers would not evaluate potential joint project firms beyond their own (culturally conditioned) rational criteria. In the words of the Australian sinologist Stephen Fitzgerald, "It is not accidental that international business codes and practices have emerged over the last hundred or so years, or that there is an International Chamber of Commerce, which codifies such practices and provides an impartial point of reference" (in Stross [1990, p. 108]). The rational decisionmaking model may be globalizing across cultures and negating the differences between intra- and inter-cultural negotiations. Faced with this diversity, we choose to hypothesize that PRC and Canadian managers would react to intra- and inter- cultural joint projects similarly, as specified in H3 (and H3a, Table 1).

Person- and Task-Related Conflicts

Conflicts may arise over the task being pursued and/or the interpersonal relationship between the joint project parties.¹ Person-related conflicts emerge when one party behaves in ways perceived by the other as inappropriate and difficult. Such conflicts are likely to cause misunderstanding and mistrust in related decisions including human resources management (see, e.g., Lane and Beamish [1990]; Shenkar and Zeira [1987, 1990]), and control and performance evaluation [Geringer and Hebert 1989], and would likely harm the long-term relationship between the two parties [Lyles 1987]. In this study we operationalize person-related conflict as working with a project manager who is arrogant and stubborn.

Task compatibility between partners, that is, whether joint project partners would approach the task in compatible ways, is also important. The literature

on joint ventures has noted the salience of production technology compatibility (machinery and production process) among joint venture partners [Blodgett 1991; Geringer 1991]. Differences in technology, especially between companies from countries of different levels of technological advancement [Beamish and Zhang 1991; Goldenberg 1988], have been known to be a source of conflict in previous joint projects. In this study we operationalize task-related conflict as differences in production technology between the partners.

The current study investigates person- and task-related conflicts because of their salience in joint projects. In addition, executives in collective and individualistic cultures may respond differently to person- and task-related conflicts. Chinese executives may find differences in task-related elements to be more tolerable and perceived as easier to resolve than person-related disagreements. Person-related conflicts that could not be resolved through traditional authoritarian channels (especially when dealing with foreign co-operants) could be perceived as more difficult to resolve by Chinese executives.

Executives from individualistic cultures may be more receptive to behavioral differences. Deviation from group norms may be perceived as contributive to a diversity of opinion and may thus help to achieve group goals. It is likely that person-related conflicts, though still negatively perceived by Canadian executives, would be less harshly judged than task related conflicts. This difference in the way PRC and Canadian managers respond to person- and task-related conflicts is specified as H4a and H4b in Table 1.

RESEARCH DESIGN

The study adopted a 2 (*Country*) by 2 (*Culture*) by 2 (*Conflict*) experimental design. The *Country* variable was operationalized by asking Canadian and PRC executives to respond to the decision scenarios. The *Culture* variable was operationalized by randomly assigning participants to evaluate potential firms belonging either to their home country (intra-culture) or the other country (inter-culture). The *Conflict* variable was operationalized by descriptions of two potential JV firms: one with an arrogant and stubborn project manager who would cause person-related conflicts, and the other, a firm that would cause task-related conflict because of difference in production technology. All participants evaluated the two firms (order of firms was randomized) and thus *Conflict* is a repeated measure variable.

The scenario judgment method was designed using the in-basket methodology reported in earlier work (e.g., Tse et.al. [1988]). This research method has been validated as a tool in managerial decisions (e.g., Frederiksen, Saunders and Wand [1957]; MacCrimmon and Wehrung [1984]; see also review by Gill [1979]). It complements other methods, including surveys and simulation games [Chowdhury 1989; Graham et al. 1989].² The participants were asked to role-play as project managers in a large company of their own

home culture (i.e., Canadian respondents role-play managers in Canadian firms) to evaluate two firms in a joint project, as follows:

This joint project involves designing, developing, and managing the initial stages of the production line for a new product. The project will last for two years. To accomplish the project, we need to work with the partner and make many joint decisions during the two-year period. This project is estimated to provide an average return compared to other projects the company is involved in. Each partner in the joint project will provide an equal capital share.

Then the executives were told that:

A preparatory committee has selected a number of firms and highlighted some key points. Your task is to evaluate two of these selected firms as potential partners in the joint project. You are asked to report your recommendation at the Planning Committee meeting next week. There are also other potential partner firms we are examining for the project. Now please evaluate each firm separately.

The participants were asked to respond using the information on hand. The description specified the length of the project, its expected return, and the share of the capital invested. Thus, unwarranted influences due to these variables were reduced. The participants were told that they would evaluate only two firms while other members of the Planning Committee were evaluating other potential firms. This is to reduce the motivation to make a choice between the two firms. The questionnaire was translated and back-translated by two teams of professional translators. The discrepancies were resolved through discussion. The instrument and the questionnaire were pretested using Canadian and Chinese executives enrolled at a public university on the West Coast of Canada.³

In 1990, a total of 101 executives from Canada and the People's Republic of China participated in the study. The Canadian sample consisted of two pools: seventeen members of the Conference Board of Canada and twenty-six executives who participated in a management program at a West Coast university. They came from different industries (50% services, 35.7% heavy industry) and different parts of Canada. The respondents averaged 42.7 years of age, 85% were men and 80.4% had university education; 46.3% were presidents or vice presidents, 22.0% were directors, 24.4% were managers and the rest (7.3%) were engineers or assistant managers. The PRC executives also consisted of two groups: twenty executives who participated in a corporate management training program at a West Coast university and thirty-eight executives from different industries in a management training program at another West Coast university. The first group of executives was selected by the China National Non-Ferrous Metals Corporation while the second group was chosen by MOFERT (the Ministry of Foreign Economic Relations and Trade). Both groups came from different parts of the PRC.

They included 88.6% men, who were on average 45.2 years of age; 74.4% had a university education; 44.7% came from heavy industry, 13.2% from light industry and 42.1% from the service sector; 34.3% of them were presidents, vice presidents, general managers or vice general managers, 32.4% were department managers and 34.3% were engineers and specialists.⁴

When evaluating each firm, the participants were first asked to write down what they would do and why. Then they were asked to make a recommendation to the Planning Committee using two groups of six-point conflict resolution scales. The two groups were: positive recommendations, that is, recommendations that are viewed as positive reactions by the other party (Look for a Compromise Position, Be Friendly, Consult Superior, Get More Information, Delay the Decision) and negative recommendations (Threaten to Withdraw, Discontinue the Negotiation). The scales were developed from conflict resolution literature [Fisher 1974], and reflect the Rahim and Bonoma [1979] and Rahim [1983] five conflict styles of compromising, obliging, avoiding, integrating and domineering. These scales had endpoints of (1) definitely would not recommend and (6) definitely would recommend. The participants were also asked to rate the expected outcomes if the joint project were to go ahead on three scales, including: (a) how satisfied they felt ("1" extremely dissatisfied to "6" extremely satisfied); (b) expected financial outcome ("1" very bad to "6" very good); and (c) perceived control over the resolution of the differences ("1" no control at all to "6" total control). The underlying reasons for their recommended response were solicited by five six-point ("strongly disagree" to "strongly agree") scales on Self Esteem, Position in the Company, Impress other Party, Influence Other Party, and because of the given Situation. Personal characteristics such as sex, age, education level, industry their company was in, and their rank were solicited.

FINDINGS

*The Impact of Home Culture*⁵

H1 states that PRC executives will react more negatively to conflicts. Table 2 displays the results. Of the two negative recommendations: Threaten to Withdraw (row 7) registered a significant *Country* effect (column 1) while Discontinue Negotiation had a significant *Country* by *Conflict* interaction (column 5). The mean scores reveal that PRC executives recommend more to Threaten to Withdraw (3.40 and 2.47). The *Country* by *Conflict* interaction (Figure 1) reveals that whether PRC executives recommend to Discontinue Negotiation depends on the nature of the conflict. Their inclination to discontinue is significantly higher in person-related than task-related conflicts. This supports H1. Expected satisfaction (row 9) registers a significant *Country* effect (column 1). The means suggest that Canadian executives perceived higher satisfaction (mean = 4.24) than their PRC counterparts (mean = 3.80). The

TABLE 2
ANOVA Results on the Conflict Resolution Strategies

Dependent Measures	Main Effects			Interactions			
	Country (C)	Culture (U)	Conflict (N)	CxU	CxN	UxN	CxUxN
Perceived Importance	.24	.23	.75	.17	.66	.57	.50
Conflict Resolutions (Positive Recommendations):							
Compromise	.10	1.86	5.40*	.52	1.68	3.30 ^a	.50
Be Friendly	.73	.88	.01	.01	4.77*	.50	.02
Consult Superior	10.85**	1.40	.07	.01	8.87**	.97	.61
More Information	.08	.71	8.24**	2.29	2.95	3.99*	.71
Delay Decision	13.14**	.37	13.90**	.02	.15	.68	1.57
Conflict Resolutions (Negative Recommendations):							
Threaten to Withdraw	8.09**	.80	5.84**	.30	2.57	.10	.01
Discontinue Negotiation	.75	.64	11.03**	.22	4.28*	.28	1.95
Expected Outcomes:							
Satisfaction	5.09**	2.29	6.16*	4.21*	5.51*	.30	4.10*
Financial Outcome	.80	3.10 ^a	3.33 ^a	1.88	6.04*	.11	4.32*
Perceived Control	1.61	1.20	4.78*	6.28**	3.80 ^a	.01	.35
Motivations:							
Self-Esteem	71.32**	.07	.87	.66	.66	.87	.21
Position in Company	2.53	.10	4.94*	.09	.80	.25	.68
Impress Other Party	66.99**	.11	.90	.05	.56	.31	.25
Influence Other Party	13.15**	1.10	.40	3.03 ^a	4.39*	.40	3.83 ^a
Situation	5.09**	.54	1.50	.32	.07	.03	.06

Note: *Country* and *Culture* are between subject treatments and *Conflict* is a within-subject treatment. Perceived Importance, as a manipulation check, is not expected to register any significant main or interaction effects.

^asignificant at .10

*significant at .05

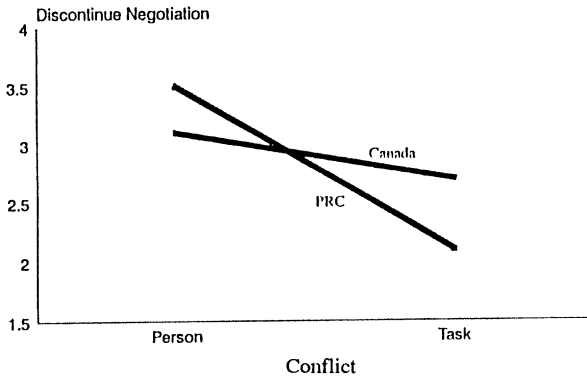
**significant at .01

significant *Country* by *Culture* (column 4) and *Country* by *Conflict* (column 5) interactions are displayed in Figures 1B and 1C. The interactions do not affect the order of the means. This reinforces the finding that PRC executives are more negative towards conflicts (H1) than the Canadian executives.

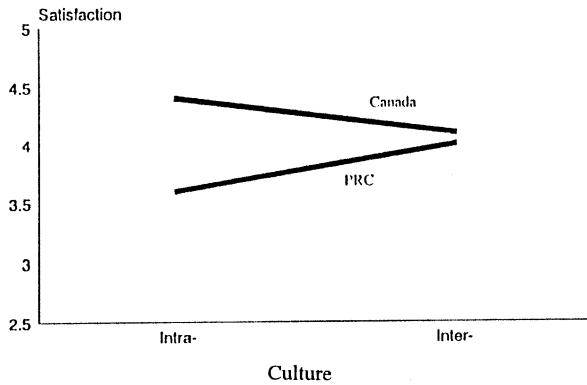
In terms of the positive recommendations, Consult Superior (row 4) and Delay the Decision (row 6) registered a significant Country effect, as hypothesized. The order of the means in Consult Superior (3.80 and 2.90) and Delay the Decision (2.84 and 3.73) confirm H1a and H1b. PRC executives preferred to Consult Superior more but to Delay the Decision less. This supports the view that home culture affects the choice of specific conflict resolution strategies.

FIGURE 1
Significant Two-Way Interactions

A. Country by Conflict



B. Country by Culture



C. Country by Conflict

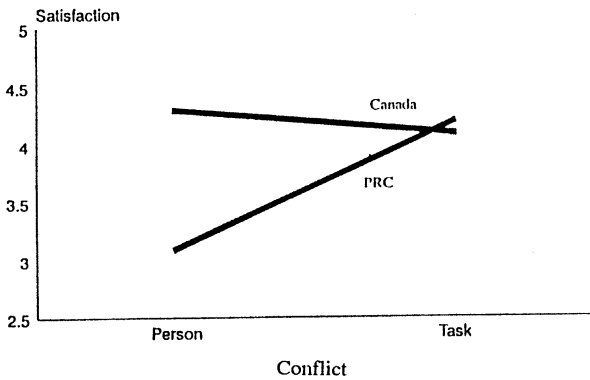
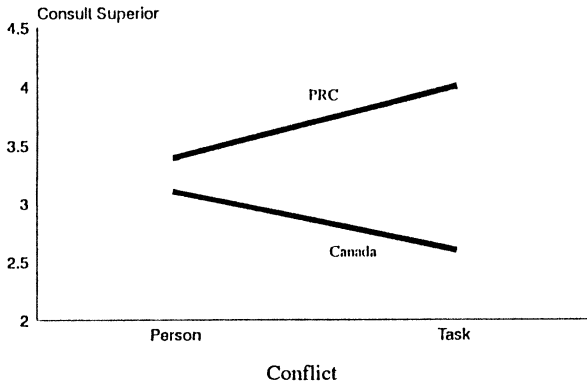
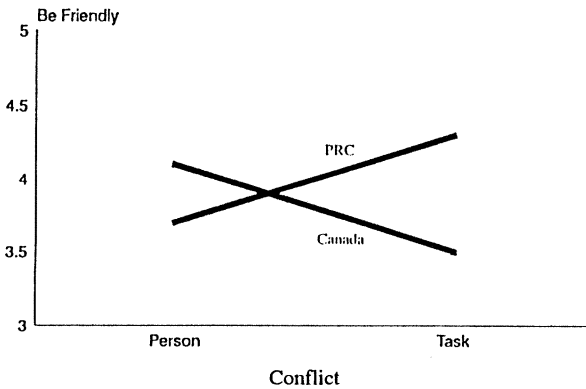


FIGURE 1
(continued)

D. Country by Conflict



E. Country by Conflict



F. Country by Culture

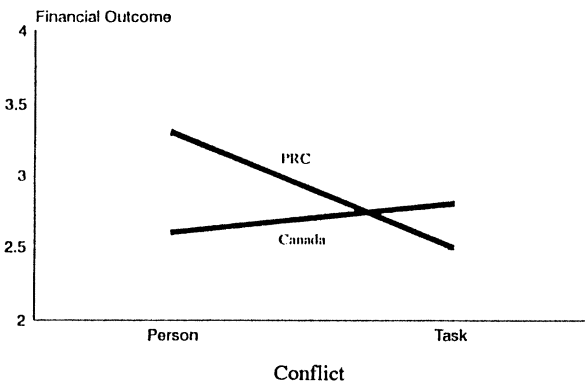
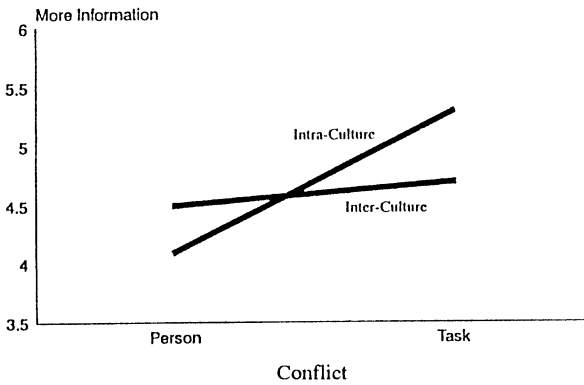
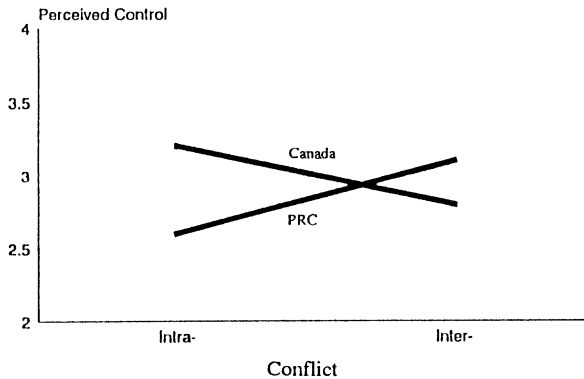


FIGURE 1
(continued)

G. Culture by Conflict



H. Country by Culture



Motivations behind the Resolution Strategies

H2 states PRC executives are more inclined to use relational elements (Impress other Party and Influence Other Party) as key motivators in their negotiation. Results in rows 14 and 15 (column 1) in Table 2 support H2. PRC executives reported higher mean scores than the Canadians (the pairs of means are 4.32 versus 2.46 and 4.21 versus 3.13, respectively). In contrast, Canadian executives rate Situation higher than PRC executives (5.07 and 4.57) as motivator but the effect is not as strong in Position in the Company. It is interesting to note that PRC executives also rated Self-Esteem (row 12, column 1) higher than Canadian executives (the means are 3.97 and 1.83). Further, neither *Culture* nor *Conflict* register significant main or interaction

effects (Columns 2 to 7).⁶ This suggests that the executives adopt a consistent set of motivations in evaluating joint projects regardless of the culture of the other party or type of conflicts.

Intra- Versus Inter-Cultural Negotiations

H3 states that executives do not adopt different resolution strategies (Table 2, rows 2 to 8) when they evaluate intra- and inter-cultural joint projects. The main effects of *Culture* (column 2) were insignificant across all seven resolution strategies. This verifies H3. In addition, *Culture* does not interact with *Country* (column 4) and there is only one marginally significant interaction with *Conflict* (column 5, row 5). This interaction, as shown in Figure 1G, does not display a systematic difference in other measures between intra- and inter-cultural negotiations.

Person-Related and Task-Related Conflicts

As hypothesized in H4, *Country* and *Conflict* interact in three conflict resolution strategies, including Be Friendly (row 3, column 5; also Figure 1E), Consult Superior (row 4, column 5; also Figure 1D), and Discontinue Negotiation (row 8, column 5; also Figure 1A). An examination of the means supports H4a. PRC executives reacted more positively to task-related conflict by recommending Be Friendly (4.30 versus 3.59) and Consult Superior (4.25 versus 2.69) but more negatively to person-related conflict by recommending Discontinue Negotiation (3.58 versus 3.07). The order of the means for the Canadian executives is exactly the opposite.

Do executives from both the PRC and Canada recommend different strategies to resolve person-related versus task-related conflicts? Table 2 column 3 reports that *Conflict* registered significant effects in all seven strategies. It has main effects in five strategies including Compromise, More Information, Delay the Decision, Threaten to Withdraw, and Discontinue Negotiation. *Conflict* also interacts with *Country* in Be Friendly (row 3, column 5; also Figure 1E), Consult Superior (row 4, column 5; also Figure 1D), and Discontinue Negotiation (row 8, column 5; also Figure 1A). These results suggest that the strategies may depend on the nature of the conflicts.

From another viewpoint, task-related conflict seems to have stimulated more positive recommendations (including Compromise and More Information) while person-related conflict seems to have stimulated negative recommendations (including Threaten to Withdraw and Discontinue Negotiation). In terms of outcomes, *Conflict* also registers significant main effects in satisfaction (row 9, column 3) and perceived control (row 11, column 3). The means suggest that executives in general find task-related conflict more satisfying (the means are 4.26 and 3.82; also refer to Figure 1C) but more difficult to control (2.92 and 3.22). This suggests that though both personal- and task-related conflicts were perceived to be equally important to the executives,⁷ personal conflicts seemed to generate more negative reactions.

A comparison of the means in the above main and interaction effects revealed a consistent pattern. Executives tended to use more information-related recommendations such as More Information (means are 5.05 and 4.36) in task-related conflict situations but were more inclined to use behavioral recommendations, such as Delay the Decision (3.78 and 2.75), Threaten to Withdraw (3.26 and 2.76), and Discontinue Negotiation (3.33 and 2.47), in person-related conflicts. The exception was in Compromise, which was more preferred in task-related conflicts than person-related conflicts (4.49 and 3.34). These findings suggest some insights for future study on how typology of conflict may affect conflict resolution strategies.

What underlies these recommendations? The same *Country* by *Conflict* interaction is significant in Expected Satisfaction (row 9, column 5) and Expected Financial Outcome (row 10, column 5). Figures 1C and 1F display the pattern. The PRC executives seemed to perceive the firm with person-related conflict to be less satisfying, but more controllable. They also expected a higher financial outcome. This may be partly due to the PRC executives' lack of confidence in technological fields⁸ and their domestically conditioned expectation that person-related conflict could be controllable by authoritarian means. In contrast, the Canadian executives seemed to regard situations with person-related and task-related conflict as equally dissatisfying and as likely to have similar financial outcomes.⁹ These findings need to be replicated in future studies with finer conflict classifications.

In terms of expected outcomes, Figures 1B and 1H display how *Country* and *Culture* interact. While Canadian executives perceived intra-cultural negotiations to be more satisfying and easier to control, the PRC executives perceived them just the opposite: the intra-cultural joint venture firms were less satisfying and more difficult to control. Compared to Canadian firms, the PRC firms may be perceived as difficult to negotiate with, whether one is Canadian or Chinese.

DISCUSSION AND CONCLUSION

This study confirms that home culture orientation (collectivism versus individualism) affects executives' responses to conflicts. Executives from countries which differ in this cultural dimension tend to adopt different strategies to resolve conflict, develop different expectations about possible outcomes, and be motivated by different causes. In Chinese society, where collectivism and group harmony are emphasized in traditional Confucianism and in contemporary socialism, executives prefer to avoid conflicts in advance of their occurrence. When they have to deal with conflicts, PRC executives are more inclined to use negative resolution strategies than are Canadians. This is logical when we consider that group affiliation in China, traditionally and in modern times, has been considered relatively permanent with less expectation of individual mobility than is the case in the West. Given that groups are harder for an individual to get into and out of, stable and harmonious

relationships among members is expected to be a higher priority in the PRC. This is in contrast to an individual-focused society where groups are easier to get into and out of, and where individuals consider themselves freer to make and break relationships in pursuit of various goals.

The collectivist/individualist orientation was also found to affect social rules used to maintain group harmony. A superior is responsible for maintaining an effective balance between subordinate human relationships and corporate goals, and in China the superior/subordinate relationship usually has been authoritarian. Accordingly, Chinese negotiators when facing conflict would choose more often to Consult Superior and less to Delay Decision than Canadian executives.

Motivations underlying executives' decisions also reflect differences in the collectivistic/individualistic orientation. PRC executives, for example, showed a greater inclination to be motivated by their sense of "self-esteem." In the group-focused Chinese tradition, "self" is defined in relationship to the other "selves" in the primary groups to which one has long-term affiliation. In the individual-focused Canadian tradition, "self" is defined more in distinction from the other "selves" attached to the groups in which one chooses to stay for varying lengths of time. Thus the Chinese executive, with his or her long-term group relationship focus, is found, as expected, to be more sensitive to preserving the image of respectability in the eyes of colleagues. Overt defiance in a conflict situation would be regarded as unnecessarily confrontational and an explicit attack on the "face" or self-esteem of the other side. A clear Chinese tendency to avoid "fight or flight" situations associated with the notion of uncompromising conflict was indicated by the current study.

This study found that being from a different culture does not place one in a disadvantageous position in negotiation. Executives from both PRC and Canada used the same conflict resolution strategy and were motivated by the same underlying factors regardless of the culture of the potential partner. While this may put international negotiators somewhat at ease, by lending support to the globalization of business norms, the finding may be situation specific. More research is needed to further explore this key issue.

This study found that person-related conflicts elicit different responses compared to task-related conflicts. Regardless of culture, person-related conflicts seemed to invite negative, more relation-oriented (versus information-oriented) responses, and appeared to be less satisfying, if more controllable, than task-related conflicts. This finding reinforces the need to pay close attention to the "software" factors in negotiation. While technology has been the focus of many of our modern business advances, managing person-related conflicts appears to be the more demanding task. This finding vividly reinforces a common perception: how to approach negotiation is as important as, if not more important than, what is being negotiated. The "software" of negotiation—i.e., the nature and the appearance of the relationship between the people

pursuing common goals—needs to be carefully addressed in the negotiation process, especially when the occasion brings representatives of individual-focused cultures and group-focused cultures together on opposite sides of the table. For North Americans, who take individual responsibility and individual empowerment to be an ideal, this becomes especially salient when working with executives from group-focused societies such as China, in which group perspective and group harmony are expected to precede (but not replace) individual responsibility and empowerment as a priority concern. The study has four limitations. The findings need to be replicated with (1) other complementary methods; (2) more representative national samples; (3) finer classification of conflicts; and (4) more comprehensive measures for the constructs. This study opens up a number of future research directions. While it investigates executives' initial reactions to joint project negotiations, the complex "negotiation process" needs to be explored, preferably with more dynamic research methods such as simulation. Such complex processes may further define cultural boundaries that need to be noted and treated with caution. Executives from different cultures may tend to assume different strategies during such processes.

NOTES

1. There are many types of conflicts. The current study focuses more on how respondents of different cultural orientations react to intra- and inter-cultural joint projects than on how different types of conflicts may affect negotiations. The study chose to investigate two broad types of conflicts: person- and task-related conflicts. As such, the study is limited and needs to be expanded by future studies on how finer classification of conflicts may affect joint project negotiations.
2. The decision scenario seemed appropriate to investigate how culture and other independent variables affect international negotiation. In contrast to conventional belief scales (e.g., Hofstede [1980]) and descriptive techniques (e.g., Tung [1981]) and the more recent efforts in simulation games, the decision scenario provides a rich contextual environment for the decision maker. Cultural influences can be embedded in the decision context [Tse et al. 1988; Francis 1991] in a between-subjects design as in the current study. As recommended by Chakravati, Mitchell and Staelin [1981] and Little [1970], special care in designing the scenarios was taken to ensure that the tasks were familiar and within the competence of the respondents. There are alternative methods such as simulation games that complement this scenario method.
3. There are other influences that need attention. They include perception of time and managerial level of the respondents [Bettis, Hitt and Ireland 1989].
4. As described, both the Canadian and the PRC executives came from two separate subsamples. We tested for differences between these subsamples. The executives' responses to the major dependent variables (seven conflict resolution recommendations and three expected outcomes) were used. When the twenty dependent measures (ten measures by two firms) were analyzed according to the different sample groups within the Canadian executives, only one measure registered a significant sample difference at the .05 level. This equals the type I error margin (one chance out of twenty). Comparison of the two PRC samples gave the same result: only one out of the twenty measures (a different one from that found in the Canadian sample) registered a sample difference at the .05 level. Thus, the data obtained in this study seemed to suggest the samples within each country were similar. We recognize that other variables such as respondents' managerial position may affect their responses (see Bettis, Hitt and Ireland [1989]) in future studies.
5. The data were checked to ensure that (1) the person-related and task-related conflicts manipulated were of similar magnitude and that (2) executives of the two cultures perceived the two conflicts to be of similar importance. The first comparison ensured that the differences between person-related and task-related conflicts manipulated were not compounded by the difference in magnitude of the two

conflicts. The second comparison ensured that comparison between the executives from the two cultures (Canada versus the PRC) was meaningful and not confounded by differences in their perceptions of the construct, conflict. Respondents' perceived importance of the conflicts for the two potential JV firms was used as the dependent variable in an ANOVA with *Country*, *Culture* and *Conflict* as independent variables (Table 2 row 1). All main effects and all interaction effects were found to be insignificant. This suggests that the person-related and task-related conflicts manipulated were perceived to be of similar magnitude and that Canadian and PRC executives perceived the importance of the two conflicts similarly. The open-ended memos were also analyzed to assess any presence of demand bias. The results show no indication of demand. This agrees with the impression received from the debriefing sessions held after each data collection. We checked to see whether age, level of education and gender of the executives would affect their responses. In a series of ANCOVAs using the seven resolution strategies as dependent variables, *Country*, *Culture* and *Conflict* as independent variables and age, education and sex as covariates were run; the three covariates were insignificant in all seven resolution strategies.

6. The two significant effects, *Conflict* in Position in the Company and *Country* x *Conflict* in Influence the Other Party, were not consistent across other measures. Also they may be due more to random occurrence than to any conclusive findings: two out of thirty main and interaction effects were significant at .05.

7. See Note 5.

8. The three-way interactions in Satisfaction and Financial Outcome were also examined when interpreting the data. The order of the means was the same.

9. The three-way interactions in Satisfaction and Financial Outcome revealed that Canadians perceived task-related conflict within their own culture as less satisfying but with higher return. Their reactions to person-related conflict were quite indifferent between the intra- and inter-cultural conditions.

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