

The Science of Culture and Negotiation

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Abstract

Recent negotiation research has produced a groundswell of insights about the effects of culture on negotiation. Yet, few frameworks exist to organize the findings. This review integrates recent research using a two-dimensional framework: The first dimension organizes the research into that which has taken: 1) a comparative intracultural approach, versus 2) an intercultural approach. The second dimension organizes the research by its emphasis on: 1) inputs into negotiation, 2) processes of negotiating, and 3) outcomes of negotiation. This framework helps to organize extant research and produces novel insights about the connections between disparate research streams, revealing both commonalities and culture-specificities in negotiation strategy and outcomes and suggesting that intercultural negotiations are difficult but not insurmountable. We conclude by discussing several areas in which more research on culture and negotiation is urgently needed in today's globalizing world.

The Science of Culture and Negotiation

Negotiations, or contexts in which individuals and groups manage their interdependence [1], clearly transcend time and place. Centuries ago, in the *Histories* (circa 400), Herodotus discussed the inherent difficulty of intercultural trade encounters. In modern times, globalization has dramatically increased intercultural negotiations in many domains of life, including politics, business, and defense. Historically, negotiation theory and research has been largely a Western enterprise [2]. Understanding how culture affects negotiations, as well as the factors that inhibit and facilitate intercultural negotiations, is critical for expanding negotiation science and informing practice.

In this *Current Opinion*, we discuss recent developments in research on culture and negotiation, using an input-process-outcome framework to organize the discussion (see Table for a summary of our framework). Since negotiation research focuses on explaining negotiation outcomes, we begin with cultural similarities and differences in outcomes, then discuss the processes and inputs that explain such variation. We then review research on intercultural negotiations. We conclude with a discussion of limitations and opportunities for future research.

Comparative Intracultural Research

Much of the research on culture and negotiation is *comparative intracultural*: it compares the negotiation behavior and outcomes of individuals from two or more nations or cultural groups. This section reviews evidence of cultural commonality and specificity from recent comparative intracultural research [For broad historical reviews of culture and negotiation, see 2-4].

Outcomes

Negotiators across cultures value both relational and economic outcomes. Theory predicts that Eastern and Middle Eastern cultures will place a heavier emphasis on relational outcomes than Western cultures [5-7]. In terms of economic outcomes, empirical research has focused on value creation (“expanding the pie” or joint gain) and value claiming (“slicing the pie” or individual gain), showing that, at least in structured negotiation simulations, some cultures create more value than others (e.g., the U.S. vs. India; Germany vs. China) [8,9], and other cultures claim more value (e.g., Hong Kong vs. the U.S.) [10]. Research also reveals that these effects are due to the strategies negotiators use [3], as detailed below.

Processes

In order to create or claim value, negotiators in all cultures use strategies: goal-directed verbal and non-verbal behaviors [3]. Two types of strategy—early and sustained information exchange about underlying interests and priorities versus persuasion and offers, communicated indirectly or directly—emerge globally [8, 11]. Additionally, research has suggested that the information-sharing strategy tends to promote value creation whereas the persuasion and offer strategy tends to promote value claiming, irrespective of culture [12].

Notwithstanding cultural commonalities in the basic elements of negotiation strategy, culture influences the strategies that negotiators prototypically employ [3]. Western culture negotiators are more likely than East and South Asians to rely on the information exchange strategy, whereas East and south Asians are more likely to adopt the persuasion and offer-making strategy [8-9, 11]. The reasons have not been fully developed theoretically or empirically, but trust, which varies with culture [13-14], is clearly part of the explanation [8, 12]: Negotiators with high trust are more likely to engage in direct information sharing, whereas those with low trust tend to engage in persuasion and offer-making [8-9, 11].

Moreover, there is some evidence, consistent with theory that East Asian negotiators prefer less direct modes of confrontation than do Western negotiators [15-16]. For example, Chinese negotiators show dominance less directly than Canadians by taking up additional physical space [17]. Chinese negotiators also engage in more informational deception than Americans to avoid overt conflict [18]. Similarly, Easterners generally show less comfort with anger [19], apologize more often [20], and construe aggression as including more indirect behaviors [21]. Eastern negotiators' behavior, however, hinges on the group status of their counterparts, as East Asians afford more trust to ingroup than outgroup counterparts and distinguish between the mild and severe transgressions of ingroup but not outgroup members [22].

At the same time, several recent studies suggest that Chinese negotiators can be aggressive when deal-making. For example, Liu and colleagues report that Chinese negotiators place greater importance on competitive goals and use more influence and fewer information sharing behaviors than Americans [11, 23-24]. And, in an email study, German negotiators used more information sharing and fewer influence behaviors than Chinese negotiators [9]. Perhaps the ingroup-outgroup status of the counterpart, coupled with their social presence, determine whether Chinese negotiators cooperate or compete.

Going beyond the geographic East/West distinction, emerging research distinguishes between honor, face, and dignity cultures [7, 25], with important strategic implications. For example, the rational logic that facilitates creativity in dignity cultures like the U.S. backfires in honor cultures like Egypt, where creativity follows from morally-tinged statements conveying honor [26].

Finally, there is some evidence that culture may affect the link between strategies and outcomes. For example, the persuasion and offers strategy creates relatively more value among Japanese negotiators [27] than American or Indian negotiators [8]. Similarly, expressions of anger are relatively more effective for claiming value among Westerners than Easterners [19].

Inputs

Culture and negotiation research, like negotiation research generally, has identified critical psychological inputs (cognitions, goals, affect) and situational factors (e.g., a negotiation's structure) that affect negotiation processes and outcomes. Negotiators across cultures think about and use these psychological constructs similarly. Although more research is needed, it seems that people in different cultures construe dominance [17], aggression [21], and even trust [13] similarly. Although negotiators initially adopt trust levels that are rational within their own cultural ecology [5], negotiators across cultures may be able to build trust [28]. Moreover, across multiple cultures (e.g., the U.S., India, China), negotiators' trust and goals influence their strategies, with high trust and cooperative goals promoting information exchange, and low trust and competitive goals promoting persuasion and offers [8, 11-12]. Negotiators across cultures may also experience similar cognitive processes and biases, which could explain why first offers anchor final outcomes across cultures [29].

Despite drawing from common inputs to negotiation, cultural differences emerge in the influence of these factors on negotiation processes and outcomes. For example, culture may influence which biases become salient, e.g., by inclining Western (versus Eastern) negotiators toward self-enhancing biases [5], and determining which mindset (holistic vs. analytic) individuals use to understand the negotiable issues [30]. Additionally, despite drawing from similar sets of goals, culture influences which goals negotiators prototypically adopt, e.g., by

inclining Chinese (versus U.S.) negotiators toward more competitive goals [11]. And despite the universal importance of trust, negotiators prototypically trust more in some cultures (e.g., the U.S.) than others (e.g., India) [8], possibly due to cultural differences in generalized trust [14, 31].

Finally, despite the fact that negotiators around the world face the same types of contextual influences—including accountability pressures [32], team versus solo configurations [33], varying communication media [10], and power differences [11]—culture inclines negotiators to deal with these factors differently, a view called the “culture-by-context” perspective [33-34]. For example, when a dominant social norm is activated, accountability pressures make collectivists (but not individualists) more cooperative toward ingroup counterparts [32]. Similarly, the team context cues Taiwanese negotiators to satisfice in service of harmony, but U.S. negotiators to challenge each other in service of value creation [33]. Additionally, email cues Hong Kong negotiators to become more competitive than U.S. negotiators [10], and high-power cues competition among Chinese negotiators [11]. Overall, although negotiators around the world face similar sets of inputs, their culture inclines them to respond to many of those inputs differently.

Intercultural Research

For many years, research on culture and negotiation remained largely comparative. An exciting trend in the literature has been the increase in studies of *intercultural negotiations*.

Outcomes

Much existing evidence suggests that reaching any agreement, let alone a value-creating agreement, is more difficult in inter- than intracultural negotiations. In one study, for example, 60% of intercultural Israeli-Indian negotiators failed to negotiate an agreement [35]. Similarly, a

recent survey of the literature revealed that intercultural negotiators typically create less joint value than intracultural negotiators from one or both of the negotiators' cultures [3]. Intercultural negotiators, it appears, generally attain worse economic outcomes than intracultural negotiators because they have to overcome the underlying differences in their culturally-normative strategies.

Processes

Negotiators bring their culturally-normative strategies to the intercultural table [3, 36], raising the question of how negotiators adapt to each other in intercultural negotiations. Several theories bear on this question: Social identity theory [37-38] would predict that intercultural negotiations will create highly-competitive ingroup-outgroup dynamics, whereas the triangle hypothesis [39] suggests that cooperative negotiators will remain cooperative unless facing a competitive opponent; then they will become fully competitive. However, neither theory fully accounts for the existing data. For example, Koreans negotiating with Americans abandoned competitive strategy for cooperation [40]. Similarly, German negotiators who did adopt their Chinese counterpart's competitive strategy also retained their culturally-normative cooperative strategy [9]. Thus, competition is not necessarily the lowest common denominator in intercultural negotiations, possibly due to the inputs that intercultural negotiators bring to the table.

Inputs

Notwithstanding the above evidence on the generally suboptimal outcomes of intercultural negotiators, several input factors—sojourner or bi-cultural status, cultural intelligence, social goals, and deep multicultural experience—do appear to facilitate value creation in intercultural negotiations. For example, Korean sojourners to the U.S. (students

studying abroad), negotiating with Americans, frequently used the pronoun “you” to synchronize their behavior and thus created more value than intracultural negotiators from either culture [40-41]. Similarly, dyads consisting of Chinese sojourners and Americans who both had high cultural intelligence (CQ; an understanding and appreciation of cultural differences) engaged in more relationship management and generated higher joint gains than dyads with low CQ [42]. Another intercultural study with similar samples showed that dyads with higher CQ, but not other individual differences (e.g., international experience, openness, extraversion, cognitive ability, emotional intelligence) used more cooperative sequences and negotiated higher joint gains [43]. Additionally, a focus on social goals (relationship-building) rather than task goals (the negotiable issues) facilitated the development of skills integral to intercultural negotiation performance like information integration and cultural intelligence [44]. Likewise, concern for face facilitated mental model convergence between Chinese sojourners and American negotiators, but need for closure inhibited convergence [34]. Similarly, the clarity, responsiveness, and comfort of communications strongly influences outcomes like value creation and claiming, as well as satisfaction, in intercultural U.S and Chinese (sojourner) negotiations [45]. Studies of intercultural negotiations among students studying in France, China, and the U.S., in turn, reveal that both breadth and depth of multicultural experience can influence negotiation outcomes: Whereas breadth (diversity of cultures visited) helps intracultural negotiators understand their own culture, depth (level of immersion in cultures visited) helps intercultural negotiators understand and communicate across cultures [42].

At the same time, other inputs—greater cultural distance and hierarchical concerns, the type of communication medium, and cultural perspective-taking—may undermine value creation in intercultural negotiations. In a study of intercultural bank loans, for example, greater cultural

distance between the bank's and borrower's nations on the World Values Survey's (2005) traditional / secular and survival / self-expression dimensions was associated with higher interest rates, more guarantee requirements, and smaller loans [46]. Only protracted interaction reduced these effects. The email medium, too, may exacerbate difficulties in intercultural negotiations. Hong Kong Chinese negotiators using email made more aggressive opening offers and claimed more value than their intercultural U.S. counterparts, or than negotiators from either culture operating intraculturally and face-to-face [10]. Finally, Canadian negotiators primed to engage in cultural perspective-taking, defined as considering the other negotiator's culturally-normative strategy, claimed more value than those primed with standard perspective-taking, defined as considering the counterpart's alternatives and interests [47]. The authors suggested that, whereas standard perspective-taking built trust and rapport, cultural perspective-taking accentuated intercultural differences and encouraged negotiators to exploit them. In sum, input factors that may have little effect on intracultural negotiations may influence strategy and outcomes in intercultural negotiations.

Conclusion and Future Directions

This review of the culture and negotiation literature found both cultural commonalities and cultural specificities. Although empirical research testing theory and documenting the effects of culture on negotiation is growing, the literature has some important limitations. First, many intercultural studies contrast American students with international students who are sojourners in the U.S. Although convenient, these samples may mask the complexity and difficulty of intercultural negotiations in which neither negotiator has experience in the other's culture. Second, research on culture and negotiation tends to rely on the methodology of one-shot laboratory experiments. Despite benefitting from random assignment and experimental control,

lab studies are not ideally suited to understanding trust dynamics in non-Western cultures, where relationships develop slowly. Third, the research is heavily influenced by ethical norms embodied in the U.S.'s Foreign Corrupt Practices Act, which, for example, discourages “go-between” third parties that broker deals and may get paid by both sides. In many countries, however, third parties serve as important intermediaries to facilitate negotiations [48]. We need more diverse research paradigms, both lab and field, to address the complexity of negotiation across cultures.

Another challenge is expanding the theoretical scope of culture and negotiation research beyond the dominant focus on individualism-collectivism. Recent papers and conference submissions suggest that research is tackling this challenge: More nuanced frameworks like honor-dignity-face are both psychologically-based and geographically-broad, extending predictions to Latin America, the Middle East, North Africa, and South Asia [7, 21, 26]. Cultural tightness-looseness and holistic versus analytic mindset also bring needed nuance into cultural differences that seem to impact negotiation strategy and outcomes [3].

Finally, psychology-based culture and negotiation research has focused only limited attention on one of the biggest challenges facing negotiators around the world: finding peace between parties with deep and long-standing differences. As this review attests, research has been dominated by studies of deal-making rather than disputing [for exceptions: 21, 49-50]. Understanding the strategies that mediators [49-50] and increasingly computer agents (programs that update their strategy depending on the counterpart's behavior) [51] use in intercultural disputes is critically important. By joining their disciplinary colleagues in anthropology, political science, and sociology, psychologists studying culture and negotiation could help to build a multidisciplinary research agenda geared toward understanding the human behaviors

contributing to extreme forms of conflict, like terrorism [52]. This focus would build on our quickly-expanding knowledge base about culture and negotiation to promote sustainable peace across cultures.

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Table

	Inputs	Processes	Outcomes
Intracultural	<p>Critical psychological states (i.e., cognitions, goals, affect) and situational factors (i.e., negotiation structure) affect negotiation processes and outcomes in all cultures.</p> <p>Negotiators across cultures have different biases, goals, and levels of trust and respond differently to the same types of contextual influences (accountability, team configuration, power, communication media).</p>	<p>Negotiators across cultures use two different goal-directed strategies: direct information exchange and persuasion/offers, with the former promoting value creation and the latter promoting value claiming.</p> <p>Culture influences the strategies that negotiators typically employ, with Western cultures relying on direct information exchange and East and South Asians relying on persuasion/offers, in part due to different levels of trust.</p>	<p>Negotiators across cultures seek to achieve economic outcomes as well relational outcomes.</p> <p>Culture affects the weight placed on economic versus relational outcomes. In structured negotiation simulations, some cultures (e.g., US, Germany) achieve more value creation and others (e.g., India, China) achieve more value claiming.</p>
Intercultural	<p>Certain factors such as cultural intelligence, social goals for relationship building, concern for face, and communication quality encourage value creation in intercultural negotiations. Other factors, such as cultural distance and hierarchical concerns hinder value creation in intercultural negotiations.</p>	<p>Negotiators use the strategy that is normative in their cultures but some also adapt to the counterpart's strategy.</p>	<p>Value creation is usually more difficult in intercultural negotiations than in one or both intracultural comparison samples.</p>