All Negotiations are not Perceived Equal:
The Impact of Culture and Personality on Cognitions, Behaviors, and Outcomes

by

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Basic human nature is similar at birth;

Different habits make us seem remote

From *San Zi Jing*

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ABSTRACT

Culture and personality have been two of the most-studied factors in negotiation research, yet only limited evidence has been provided for their impact on negotiation behaviors and outcomes. This dissertation first reviews the development of negotiation research and explores an emergent body of negotiation studies that integrate cognitive and social factors into the examination of the negotiation process (Bazerman, Curhan, Moore, & Valley, 2000). A mental model of dyadic negotiation is proposed to incorporate the principles from social cognition research, whereby negotiation is seen as a cognitive decision-making process with involved parties defining what are appropriate objects of the dispute and what are acceptable behaviors and tactics. Within this framework, negotiator's cultural background, personality, and interpersonal relationship with counterpart jointly determine negotiator's cognitions, which further determine negotiation process (Barry & Friedman, 1998; Thompson, 1990, 1998).

A laboratory experiment is then designed to explore the effects of culture and personality on: (1) negotiator cognitions – the mental representations of the negotiation situation, issues, and negotiation partners, (2) competitive, collaborative, and yielding negotiation behaviors, and (3) economic and affective negotiation outcomes.

Three important negotiator cognitions, win-lose orientation, face-saving, and trust, are empirically tested in this study. Results suggest that negotiator cognitions do mediate the impact of personality and culture on negotiation process. Similarly, the impact of negotiator cognitions on negotiation outcomes is mediated by negotiation behaviors manifested during negotiation. Specifically, final results show that individualistic negotiators tend to perceive negotiation as a win-lose process and agreeable negotiators

are more likely to trust their counterparts. Results also show that extraversion, long-term orientation, and collectivism are predictors of face-saving. Moreover, face-saving predicts competitive behavior that leads to higher individual profits while trust determines the level of collaboration that often leads to higher satisfaction. Practical implications and future research are discussed in the final chapter.

RESUME

La culture et la personnalité sont deux des paramètres les plus étudiés dans le domaine de la négociation ; pourtant, peu de preuves ont été fournies quant à leurs effets sur les comportements et les résultats de la négociation. Cette thèse examine premièrement le développement de la recherche sur la négociation et explore un faisceau important d'études qui intègrent les facteurs cognitifs et sociaux dans l'examen du processus de négociation (Bazerman, Curhan, Moore, & Valley, 2000). Nous proposons un modèle mental de la négociation dyadique pour incorporer les principes de la recherche en cognition sociale. Selon ces principes, la négociation est un processus de décision cognitif à l'intérieur duquel les parties impliquées définissent quels sont les objectifs appropriés du conflit ainsi que les comportements et les tactiques acceptables. Dans ce cadre, les antécédents culturels du négociateur, sa personnalité ainsi que son rapport interpersonnel avec son homologue déterminent conjointement sa cognition, qui, de surcroît, établit le processus de négociation (Barry & Friedman, 1998; Thompson, 1990, 1998).

Une expérience de laboratoire est alors conçue pour explorer les effets de la culture et de la personnalité : (1) sur la cognition de négociateur, soit les représentations mentales de la situation, des enjeux et des partenaires de négociation ; (2) sur les comportements de négociation compétitifs, coopératifs et flexibles; (3) sur les résultats de négociation économiques et affectifs.

Trois importantes cognitions de négociateur, à savoir l'orientation gagnant-perdant, le « face-saving » et la confiance, sont examinées empiriquement dans cette étude. Les résultats suggèrent que les cognitions de négociateur interviennent dans

l'impact de la personnalité et de la culture sur le processus de négociation. De même, l'impact des cognitions de négociateur sur les résultats de négociation intervient à travers les comportements au cours de la négociation. En particulier, les résultats finaux démontrent que les négociateurs individualistes tendent à percevoir la négociation comme un processus gagnant-perdant, alors que les négociateurs affichant une plus grande souplesse ont tendance à faire confiance à leurs vis-à-vis. Les résultats démontrent également que l'extraversion, l'orientation à long terme et le collectivisme sont trois indicateurs du « face-saving ». Par ailleurs, le « face-saving » prédit un comportement compétitif qui entraîne les profits individuels plus élevés tandis que la confiance détermine le niveau de collaboration qui engendre une satisfaction plus élevée. Enfin, le dernier chapitre traite des implications pratiques et de la recherche future.

INTRODUCTION

Negotiation is a dynamic process in which two or more parties exchange products or services and attempt to agree upon an exchange rate for them (Carnevale & Pruitt, 1992; Wall, 1985; Wall & Blum, 1991). As one of the pervasive forms of social interaction, negotiation is conducted frequently in both formal arenas and informal arenas, such as international relations, industrial relations, manager-subordinate relations, interpersonal relations, and marital relations (Pruitt & Carnevale, 1993). Diverse as these relations might be, there are some common elements that are applicable across contexts. Specifically, these common elements are: 1) both parties have, or believe they have, a conflict of interest over one or more issues about the exchange and division of scarce resources; 2) compromise from one or two parties are possible; and 3) both parties join together voluntarily, and their outcomes have to be determined jointly.

Decades of negotiation studies have offered important conceptual perspectives and empirical insights on using negotiation as one way to deal with social conflict. In general, the theoretical goal of negotiation research is to understand the conflict-resolving processes and outcomes, while the practical one is to help negotiation practitioners solve the conflicts effectively. To accomplish these goals, the negotiation literature has been focusing on three topics (Bazerman & Carroll, 1987; Pinkley, 1990): 1) The impact of individual differences in personality, interpersonal orientation, and background information on negotiator behaviors (e.g. Thompson, 1990, 1998); 2) how the fully "rational" negotiator would make decisions given the assumption that the other party is also rational (Bazerman & Neale, 1992); and 3) the impact of situational or structural variables on negotiation behaviors (Bazerman, Curhan, & Moore, 2001; Pinkley, 1990).

In spite of the fact that this line of research has been cumulative and generally of high quality, it lacks integrative research (Greenhalgh, Nelsin, & Gilkey, 1985). In particular, the effects of personality, situational factors, and the decision-making process on outcomes have been studied separately. Little research on the relationships among these factors and on their joint effects on negotiation outcomes has been conducted, not to mention the effects of negotiator cognition, a key factor that may determine how participants approach the conflict. As a result, research findings in these aspects have remained inconclusive.

Speculation on culture's influences on negotiation dates back to the early 20th century, but the scientific study of this subject has a short history, with the last 20 years having seen a dramatic increase in cross-cultural negotiation research, a result from increased globalization in world economy (Gelfand & Dyer, 2000). The most apparent is the abundance of articles and books providing descriptions and advice on how to negotiate in numerous countries, such as China (Blackman, 1997; Goh, 1996; Pye, 1992), Japan (Hawrysh & Zaichkowsky, 1989; March, 1988), Korea (Tung, 1991), and Russia (Schecter, 1998). These studies offer rich accounts of culture specific negotiation styles and different intercultural clashes; however, they are less helpful for testing the relationship between culture and negotiation because of their atheoretical nature.

A growing number of empirical cross-cultural studies on negotiation offer such a potential. Research on the influence of culture on negotiation tactics and outcomes and on the interaction between culture and situational conditions has been conducted in a wide variety of cultures and has illustrated some interesting similarities and differences in negotiation across cultures (see Gelfand & Dyer, 2000; Lituchy, 1997; Ma & Jaeger,

2003, for a review). For example, Brett and Okumura (1998) have compared inter- and intracultural negotiations between Japanese and American negotiators, and found that there were less understanding of the priorities of the other party and less utility of a compatible issue in inter- than intracultural negotiations.

This line of research on culture and negotiation has documented both behavioral and cognitive manifestations of some basic dimensions of national cultures. However, the research using cultural value dimensions has suffered from predictive weakness, and cross-cultural negotiation studies have only produced partial success (Tinsley & Brett, 1997). As a result, a more fertile avenue for negotiation research is needed (Gelfand, Nishii, Holcombe, Dyer, Ohbuchi et al., 2001).

Negotiation scholars have thus seen a great need for more integrated research on negotiations, especially a need for research that incorporates various negotiation studies of different perspectives, as discussed above. A cognitive decision model, proposed by Neale and Bazerman (1983, 1985), argues that negotiator's cognitions and judgments are the *mediating* factors between negotiator's personality, characteristics of the situation, perception of opponent's behavior, and final outcome selection. This model points to an important factor, negotiator cognition, which may integrate different perspectives on negotiation studies. Unfortunately, traditional negotiation research has been viewing conflict and the subsequent negotiation process in terms of "who gets how much of what" while ignoring how the conflict is defined and interpreted by negotiators themselves. In other words, negotiator's cognitions have been neglected in the negotiation literature, which is the main reason for the largely inconclusive findings obtained from different studies, including studies on personality and negotiation and studies on culture and

negotiation.

Based on the ideas underlying cognitive decision model, this dissertation incorporates the principles from social cognition research (Higgins, 1996) and proposes a more comprehensive framework for dyadic negotiation study. Within this framework, the differences in negotiation styles arise from negotiators' knowledge structures that guide them as they are trying to make sense of the conflicts and their counterparts and to make tactical decisions. Such knowledge structures are constructed based on the factors embedded in negotiator's social context, individual characteristics, and negotiation task, all of which jointly produce particular patterns of negotiating (Higgins, 1996). This new approach suggests that negotiation be viewed as a cognitive decision-making process involving the negotiating of what are to be considered the appropriate objects of the dispute, i.e. how the negotiation should be defined and interpreted.

A growing body of research has provided evidence that the process and outcome of negotiation cannot be fully understood without a clearer understanding of how negotiators themselves define and construct the negotiation (cf: Bazerman et al., 2001). More and more researchers have adopted this approach to explore the knowledge structures that guide negotiators' judgment and decisions (Morris & Fu, 2001; Pinkley, 1990). Empirical studies have provided evidence for the potential of this framework (Gelfand et al., 2001; Lituchy, 1992; Pinkley, 1990).

The relationship between negotiator's social context, individual characteristics, negotiator cognition, tactical behaviors, and negotiation outcomes will be examined in this dissertation in order to understand determinants of this knowledge structure. Specifically, the questions to be answered by this research are:

1) How do negotiator cognitions affect negotiation behaviors and outcomes?

2) What are the effects of personality and culture on negotiator cognitions? And,

3) How do negotiator cognitions mediate the impact of personality and culture on negotiation behaviors and outcomes?

In the following chapters, I will review different perspectives on negotiation studies, including a social psychology perspective, a decision-making perspective, a culture perspective, and a cognitive perspective (Bazerman et al., 2001), followed by a proposed mental model of dyadic negotiation to be tested in this study. Then the proposed framework will be explained in depth based upon studies on personality, culture, and negotiator cognitions. Testable hypotheses are presented in Chapter Two before a laboratory experiment design is reported for testing this framework.

The empirical study designed to test the hypotheses is presented in Chapter Three, which includes the sample of subjects, the task, the design, different measures, and the procedure. In Chapter Four, results from the Structural Equation Modeling (SEM) analysis are presented. Chapter Five provides a discussion on limitations, practical implications, and suggestions for future studies, which concludes this dissertation.

CHAPTER 1: LITERATURE REVIEW
A BRIEF HISTORY OF NEGOTIATION RESEARCH

The past decades have seen active research in the negotiation area. From the early social psychological studies in the 1960s and 1970s to the behavioral decision-making perspective in the 1980s and 1990s, negotiation researchers have been attempting different methods to build actionable knowledge. The late 1990s have then seen many calls to reintroduce the social aspects into the study of negotiation process, due to the overly restrictive nature of the behavioral decision perspective. With the criticism on the studies of behavioral decision perspective, researchers are trying to incorporate a cognitive and social perspective into negotiation studies. This new approach has broadened negotiation research and has connected it to a broader spectrum of psychological literature (see Bazerman, Curhan, Moore, & Valley, 2000, for a review).

The Early Social Psychology of Negotiation

Contemporary organizational behavior research began during World War II with efforts to define the influence of individual differences on success in management situations. Such effort in negotiation area began in the late 1950s and early 1960s. The overall legacy of research on individual differences and bargaining is one full of inconsistency and confusion (Barry & Friedman, 1998). Rubin and Brown (1975) reviewed 200 empirical studies of background, demographic, and personality characteristics that might contribute to differences in negotiation outcomes. The findings from these studies were widely disparate, inconclusive, and sometimes contradictory and few of these findings had proven replicable. For example, as summarized in Rubin and Brown's (1975) review, of over 100 studies on the effect of gender on negotiation,

approximately 30 studies reported no difference in bargaining behavior between men and women, 20 reported that men bargained more cooperatively than women, and the remainder reported opposite findings. Similar contradictory results could be noted for a number of other personality variables (Ford, 1983; Fry, 1985; Pruitt & Syna, 1985).

Negotiation was a hot topic of hundreds of empirical studies in the 1960s and 1970s (Rubin & Brown, 1975), but the majority of these studies focused on two sub-domains in social psychology: Individual differences of negotiators and situational features of negotiation scenarios. Neither the individual differences approach nor the situational features approach represents a single, well-established theory. Rather, they are just collections of disparate hypotheses, predictions, and low-level theoretical statements (Thompson, 1990). For the individual differences approach, Rubin and Brown (1975) documented the extensive literature on the effects of individual differences on negotiation process and negotiation outcomes. Some of the examined personality factors were level of manifest anxiety, authoritarianism, cognitive complexity, tendency to be conciliatory, dogmatism, propensity toward risk taking, level of self-esteem, gender, and Machiavellianism. Unfortunately, there was no convincing evidence from these studies that supported the claim that individual differences did affect the negotiation process or outcomes; sometimes when there were effects found, these effects were often easily swamped by the slight change in situational factors. For example, 7 of 16 experiments during the 1960s and early 1970s on the link between authoritarianism and negotiation found no relationship, whereas the other 9 experiments did find a link, with low-authoritarian negotiators more inclined to yielding behavior than high-authoritarian negotiators (Rubin & Brown, 1975). Many scholars concluded, based on these studies,

that *simple* individual differences offered limited potential for predicting negotiation outcomes (Lewicki, Litterer, Saunders, & Minton, 1993). However, such conclusions were premature and overly simplistic. It is only reasonable to assume that individual characteristics influence bargaining behavior because people exhibit a great deal of consistency across situations. This suggests personality is an important influence on social behavior (Barry & Friedman, 1998). Better-designed studies should be conducted to explore the true effects of personality. New studies on the impact of personality traits are still developing and this study is one of them.

Social psychologists also examined a large number of situational factors in the 1960s and 1970s, including the contingencies of negotiation (Druckman, 1967), the incentives of both parties (Axelrod & May, 1968), the number of people on each side (Marwell & Schmitt, 1972), and the existence of a third party (Pruitt & Johnson, 1972), to name a few. These studies had made great contribution to our understanding of the negotiation process, but these factors were no better than individual differences in predicting the negotiation process and outcomes (Bazerman et al., 2000). Moreover, these studies were examining the objective features of a negotiation, which were often beyond the control of individual negotiators, and therefore they could only offer limited potential for predicting negotiation outcomes. Recent research efforts on situational factors had turned to a contingency approach by examining how individual differences and situational constraints jointly affect negotiation behaviors and outcomes (Thompson, 1990).

A Decision-Making Perspective on Negotiations

The 1980s and 1990s experienced a great shift toward the decision-making

perspective. A greater integration of descriptive and prescriptive research further facilitated the studies from the decision-making perspective (Bazerman & Neale, 1992).

Prescriptive research on negotiation before 1982 focused primarily on game theory: the economic analysis of fully rational negotiators. Introduced by Von Neumann and Morgenstern (1944), game theory analyzes strategic interactions in which the outcomes of various choices depend on the choices of others and it examines how competitors act, react, and interact in the pursuit of their own self-interests. However, the rationality assumption had been proven to have serious flaws (Simon, 1957). Raiffa's study (1982) challenged the assumption of rationality with a focus on providing the best advice to the negotiators involved, which was a critical turning point in negotiation studies. Raiffa explicitly acknowledged the importance of developing accurate descriptions of opponents rather than assuming the opposing negotiators to be fully rational. The notion of using negotiation analysis to provide advice implicitly acknowledged that negotiators themselves did not follow purely rational strategies. This notion initiated the groundwork for a dialogue between prescriptive and descriptive researchers, calling for a prescriptive need to descriptively understand how negotiators actually made decisions.

Research following this theme utilized behavioral decision-making theory to explore how negotiators actually made decisions, which delineated the systematic ways in which decision makers deviated from optimality or rationality (Dawes, 1998; Bazerman et al., 2000). The core argument of behavioral decision-making theory was that people attempted to act rationally but were bounded in their ability to achieve rationality (Simon, 1957), and therefore they relied on simplified strategies, even though they knew

these strategies were not without mistakes. What appealed to researchers was the systematic and predictable nature of these mistakes and what these mistakes revealed about the human mind.

In their review of negotiation research, Bazerman and colleagues (2000) summarized nine different types of such predictable mistakes of two-party negotiations that had been examined in different studies. These judgmental biases included: 1) being more concessionary to a positively framed specification of the negotiation than a negatively framed specification (Bottom & Studt, 1993; De Dreu & McCusker, 1997; Lim & Carnevale, 1995; Olekalns, 1997); 2) being inappropriately affected by anchors in negotiation (Kahneman, 1992; Kristensen & Garling, 1997; Northcraft & Neale, 1987; Ritov, 1996; Thompson, 1995; Whyte & Sebenius, 1997); 3) being inappropriately affected by readily available information (Neale, 1984; Pinkley, Griffith, & Northcraft, 1995); 4) being overconfident and overly optimistic about the likelihood of attaining outcomes that favor themselves (Bazerman, Moore, & Gillespie, 1999; Bazerman & Neale, 1982; Lim, 1997); 5) falsely assuming that the negotiation pie was fixed-sum and consequently missing opportunities for mutually beneficial trade-offs between parties (Fukuno & Ohbuchi, 1997; Thompson & DeHarpport, 1994; Thompson & Hastie, 1990); 6) falsely assuming that their preferences on issues were incompatible with those of their opponents (Thompson & Hrebec, 1996); 7) escalating conflict even when a rational analysis would dictate a change in strategy (Bazerman, 1998; Bizman & Hoffman, 1993; Diekmann, Tenbrunsel, & Bazerman, 1999; Keltner & Robinson 1993); 8) ignoring the perspectives of other parties (Bazerman & Carroll, 1987; Valley, Moag, & Bazerman, 1998); and 9) reactively devaluing any concession made by the opponent (Curhan, Neale,

& Ross, 1998; Ross & Stillinger, 1991).

Behavioral decision-making theory departed from previous psychological research by emphasizing how actual decisions were different from what would be predicted by normative models, which largely reframed negotiation research towards providing useful information that could lead to the debiasing of negotiators, and consequently, the behavioral decision perspective had a significant influence on the scholarship and practice of negotiation. However, many researchers criticized this perspective for ignoring too many factors that were obviously important in negotiations (Bazerman et al., 2000; Greenhalgh & Chapman, 1995), especially the factors that had played important roles in the early age of negotiation research, i.e., social psychological factors. A large number of recent studies added social psychological variables consistent with a behavioral decision perspective to negotiation research (Murnighan, 1994; Thompson, 1998), including the social relationship in negotiation, egocentrism in negotiation, positive illusions in negotiation, ethics in negotiation, communication medium in negotiation, emotion effects in negotiation, and the parties involved in negotiation, among others (Bazerman et al., 2000).

A MENTAL MODEL OF DYADIC NEGOTIATIONS

Negotiation studies, both from a social psychological perspective and from a behavioral decision-making perspective, seem to reach their limits in explaining negotiation process and outcomes. Scholars are calling for an integrated perspective so as to establish a more comprehensive theoretical framework, to create a better-unified understanding of the complexity of negotiation process, and to help the world overcome barriers to effective bargaining. The research just reviewed provides a solid base for the

future development of negotiation research. A closer examination of negotiation studies reveals that the rationality backdrop is the key to the psychological study of negotiation, and such a backdrop creates an opportunity for a useful dialogue with a behavioral decision-making perspective. Recent exploration of social factors broadens this perspective, and further broadening is done by thinking about how to help negotiators become more rational, rather than assuming rationality, so as to better obtain what they value in the negotiation process.

An important emerging feature of negotiation research is the study of how players define and create the negotiation—by their own personal interpretations, relationship-specific motives, and social norms (Bazerman et al., 2000; Rusbult & Van Lange, 1996). Researchers argue that how competitors define the negotiation may be more important than the actual moves they make during negotiation (Brandenburder & Nalebuff, 1996). How involved parties understand the negotiation thus becomes critical in determining how they approach the negotiation. Therefore, people have to learn negotiators' actual preferences and their perception structure, rather than simply inferring that they will accept the given negotiation utility structure, in order to provide rational suggestions to negotiators. According to social cognition theory (Higgins, 1996; Morris & Fu, 2001), negotiators' personality and cultural background determine negotiators' cognitions, which are to be examined first.

Personality in Negotiation Research

Some people are better negotiators than others. How do the best negotiators think and behave differently from the average negotiators? Researchers have been examining the impact of individual differences on negotiation process and outcomes in order to

answer this question. Since the early research efforts to define personality effects began in the late 1950s, as reviewed in the previous section, an enormous amount of research has been conducted on this topic (for detailed reviews see Hermann & Kogan, 1977; Thompson, 1990; Rubin & Brown, 1975). Unfortunately, many of the findings in this area are fragmented, contradictory, and difficult to apply to practical settings, raising the question of whether further exploration of personality factors in negotiation would be worthwhile (Bazerman, Curhan, & Moore, 2001; Pruitt, 1981).

Herman and Kogan (1977), summarizing reviews examining the impact of personality on negotiation, found that only a few personality variables had influence on negotiation and these few variables were generally investigated in studies yet to be replicated. More recently, Thompson (1990), in a review of the literature on negotiation behavior and outcomes, claimed that personality and individual differences "played a minimal role in determining bargaining in dyadic negotiations" (p. 515).

However, this conclusion is overly simplistic. The impact of personality on negotiation has not been adequately studied, and researchers may have *prematurely* dismissed personality effects as topics for research, as argued by many other scholars (e.g. Barry & Friedman, 1998; Greenhalgh, Neslin, & Gilkey, 1985; Griffith, 1991). It is only reasonable to assume that personality influence negotiation behaviors and outcomes since people exhibit a great deal of consistency across situations, which suggests that personality is an important influence on social behavior. The possible explanations for the widely disparate and inconclusive findings of the impact of personality on negotiation, as Herman and Kogan (1977) have pointed out, are that reviews evaluating the contribution of personality factors have combined studies with various methodologies

and intents, and have made unwarranted comparisons across varying approaches. Other reasons for failing to detect personality effects come from the deficiencies of the research tradition on dispositional factors, which include poorly assessed personality variables, oversimplified negotiation simulations, and unexplored mediating factors. The absence of a comprehensive theory relating personality to negotiation behaviors and outcomes also makes it difficult to identify clear relationships. All these deficiencies suggest that the effects of personality have not been adequately studied, and that more integrative and better-designed investigation should be conducted.

Of particular interest here are the unexplored mediating factors between negotiator's personality and negotiation process. Few studies, if any, have been attempted from this perspective, but such studies could be an important step for building a comprehensive theory relating individual differences to negotiation process.

In the long history of research efforts investigating personality effects, almost all the studies have tried to examine the *direct* impact of personality on negotiation. While this method is based on a good rationale and has an intuitive attraction, it ignores one important question that is crucial in negotiation research, that is, *how* personality factors affect negotiation process and outcomes. In other words, it remains unclear what is the mechanism through which individual differences predict negotiators' behaviors and further negotiation process and outcomes. One possible explanation why the majority negotiation research failed to detect the effects of personality variables on negotiation is that there are unexplored *mediating* factors that bridge the effects of individual differences on negotiation process. Potential mediating factors include individual negotiator's preferences (Greenhalgh, Nelsin, & Gilkey, 1985), social perception (Jaeger,

Ma, Wang, Anderson, & Butt, 1999), and conflict frame (Pinkley, 1990). For example, in their relatively comprehensive study on personality and negotiation, Greenhalgh et al. (1985) found that personality *did not* have a *direct* relationship with negotiation outcomes. Instead, personality, including characteristics such as outgoing, considerate, and intelligent, had a significant effect on preferences for negotiation outcomes, and these preferences in turn had a significant effect on the outcomes obtained in the negotiation. Their finding suggests an *indirect* effect of personality on negotiations

Although only a few studies have attempted to explore potential mediating factors such as individual preferences, social perceptions, and conflict frame in the relationship between personality and negotiation, this line of work appears to be a particularly fertile ground for future research. Not only does it help to explain how individual differences affect negotiators' behaviors and the obtained outcomes, but it also helps better conceptualize negotiation theory and refine the research design to identify the true impact of individual differences on negotiation.

Culture in Negotiation Research

Culture has been broadly defined as the man-made part of the environment (Herskovits, 1955), consisting of both objective elements (e.g., tools, roads) and subjective elements, or as a group's characteristic way of perceiving its social environment (Triandis, 1972). Elements of subjective culture are often interrelated and form unique cultural syndromes (Triandis, 1990), which reflect basic issues that societies must confront in regulating human activity (Schwartz, 1994). A long tradition of research efforts modeling culture has drawn on the concept of personality psychology (Morris & Fu, 2001) and often defined culture in terms different dimensions. There is an intuitive

appeal to the notion that the diverse set of behavioral differences across cultures can be traced to a few cultural traits—general and stable characteristics.

People have seen a big expansion of research on culture and negotiation in the last decade due to the growing interrelationships among nations (Bazerman et al., 2000). Dozens of studies have examined the meaning and practice of negotiation across cultures (for reviews see Cohen, 1997; Leung, 1998; Lituchy, 1997; Ma, Wang, Jaeger, Anderson, & Saunders, 2002) and have provided helpful insights on culture and negotiation.

Multiple dimensions of national culture have been investigated for their impact on the definition and practice of negotiation. The most studied cultural dimensions in the culture and negotiation literature are individualism/collectivism, power distance, and communication context, which derived from two international value surveys conducted by Hofstede (1980) and Hall (1976). Even though individualism/collectivism may actually represent a number of cultural factors rather than a single trait (Triandis, 1995), it is perhaps the most important and the most frequently cited cultural dimension in negotiation studies (Bazerman et al., 2000; Triandis, 1990). The results show that, in general, individualist negotiators are more concerned with fighting for individual interests, whereas the collectivist negotiators are more concerned with preserving relationships (Markus & Lin, 1998). Such differences also manifest in negotiators' preferred strategies to handle conflicts.

Unlike the individualism/collectivism dimension, power distance and communication context have received only minimal attention in cross-cultural negotiation research. Power distance reflects the extent to which the less powerful members of organizations and institutions accept and expect that power be distributed

unequally (the degree of human inequality). Negotiation research has provided evidence for the relationship between power distance and negotiation styles. It is believed that people from high power distance cultures have fewer conflicts with their superiors/senior partners and are more likely to have superiors intervene in settling their conflicts than do members of low power distance cultures (Leung, 1998; Tinsley, 1998).

Communication context is the degree to which communicated messages inherit meaning from the setting in which they are transmitted (Hall, 1976). Low communication context cultures use explicit, direct language, whereas high communication context cultures use implicit, indirect language in which words and phrases derive their meanings from contextual clues. Prescriptive advice has been given on how to communicate with people from a different context, and evidence suggests that the goals of communication are more important than the amount of direct communication during negotiation (Bazerman et al., 2000).

Due to the substantial culture differences, negotiating across cultures differs dramatically from negotiating within the same culture (Adler & Graham, 1989; Lituchy, 1992, 1997). Negotiators from different cultures may not share the most basic assumptions of negotiation, and evidence shows that there is cultural variation in the tendency to fall victim to the fixed-sum assumption and the fundamental attribution error (Morris & Peng, 1994). Although the differences between cultural scripts in preferences present opportunities for logrolling, i.e., negotiators make mutually beneficial tradeoffs between issues, intercultural dyads are found to reach outcomes that are of lower joint value than intracultural dyads, and there is less-accurate mutual understanding about each other's priorities (Brett & Okumura, 1998; Lituchy, 1997).

A growing literature has emerged to address the intercultural negotiation challenges by providing prescriptive advice to negotiation practitioners (e.g. Bazerman et al., 2000; Shapiro & von Glinow, 1999). This advice usually suggests modifying how one plays the game or even how the opponent plays the game, but the problem lies in that there is no evidence that negotiators could transcend their own cultural backgrounds (Brett & Okumura, 1998). Clearly, more elaborated research is required to find more plausible and effective strategies for intercultural negotiation.

As evidence in this review, existing cross-cultural negotiation research varies in terms of topics and cultures investigated. Such research illustrates the importance of culture, and thus advances the development of a cultural perspective on negotiation. Conceptual limitations in this inquiry, however, have impeded our understanding of cultural effects (Gelfand & Dyer, 2000). With some notable exceptions, researchers often utilized post-hoc explanations to interpret unexpected patterns of results, and generally used geographical location as a surrogate for culture. As a result, there is a strong need to shift the focus from using location to infer culture and merely documenting differences, to making theoretical a priori predictions from profiles of shared cultural values (Schwartz, 1994), and verifying these predictions with existing measures. Moreover, although most research ignores the psychology of negotiation in different cultures, and thus we know little about the cognitive mechanisms that mediate culture effects on the negotiation process, such knowledge is obviously important. It will not only help us understand and predict negotiation in different cultural contexts, but will also aid practitioners in developing training programs that would help negotiators understand their own and their counterparts' behaviors in international negotiations. A more fertile avenue

for culture research lies in studying how cultural traits, in conjunction with individual definitions of negotiation, influence negotiation behaviors and outcomes (Bazerman et al., 2000).

Cognitive Perspective on Negotiation Study--A Mental Model

According to the cognitive tradition (Gelfand et al., 2001; Thompson, 1990), negotiation process and outcomes can be best understood when negotiation is viewed as a cognitive decision-making task in which negotiators construct mental representations of the conflict situation, the issues involved, and their opponents. Negotiators enter the negotiation with cognitive representations, or negotiator cognitions, which serve to impart meaning or make sense of the conflict situation (Pinkley, 1990; Putnam & Holmer, 1992) and which often take place below the level of consciousness (Drake & Donohue, 1994). Negotiator cognitions are "what goes on in the heads of negotiators" (Neale & Northcraft, 1991) and they develop a perceptual context that influences subsequent decision-making. Negotiator cognitions are organized knowledge structures that guide negotiators' selection and interpretation, and thus lead to a particular focus on some characteristics of a conflict situation while ignoring others. In essence, because conflict situations often contain many elements and because negotiators have limited information-processing capabilities (Neal & Bazerman, 1991), negotiator cognitions enable negotiators to render some of the elements to the "figure" and others to the "ground" (Gelfand et al., 2001; Goffman, 1974).

Following the cognitive tradition, in this dissertation I propose a mental model of negotiation to integrate diverse negotiation studies and to explain the inconsistent findings by introducing negotiator cognitions—a negotiator's mental representation of

the negotiation, to the relationship between individual differences and negotiating behaviors and outcomes (See Figure 1).

Figure 1 illustrates the mechanism through which negotiator's personality, culture background, and interpersonal relationship influence negotiator cognitions, behaviors, and outcomes in dyadic negotiations. Central to this model is the negotiator's understanding of the negotiation situation, i.e., negotiator cognition, which is a critical determinant of how negotiators will approach a negotiation.

Also paramount to the model is that negotiator's cultural background, personality, and the interpersonal relationship between partners who jointly determine the negotiator cognitions, which is consistent with social cognition theory. According to this theory, what knowledge will be activated and used in their response when people identify, interpret, or more generally, respond to a stimulus, is a function of properties of the stimulus and the properties of perceivers (Higgins, 1996; Morris & Fu, 2001). Reflected in this model, when negotiators respond to the conflicting event, the characteristics of individual negotiators, including their cultural backgrounds, personality traits and interpersonal relationship, and the characteristics of the conflict situation jointly affect how people define and interpret the negotiation situation. As the objective features of the conflict are often beyond the control of an individual negotiator, this framework focuses on how negotiators' cultural background, personality traits, and their interpersonal relationship interact to determine the mental representation of the negotiation situation.

As portrayed in Figure 1, the effects of personality, culture, and interpersonal relationship on the negotiation process are mediated by negotiators' cognitions formulated during the negotiation process. The dotted lines leading from one person's

FIGURE 1:   A Mental Model: Influences on Negotiator Cognitions
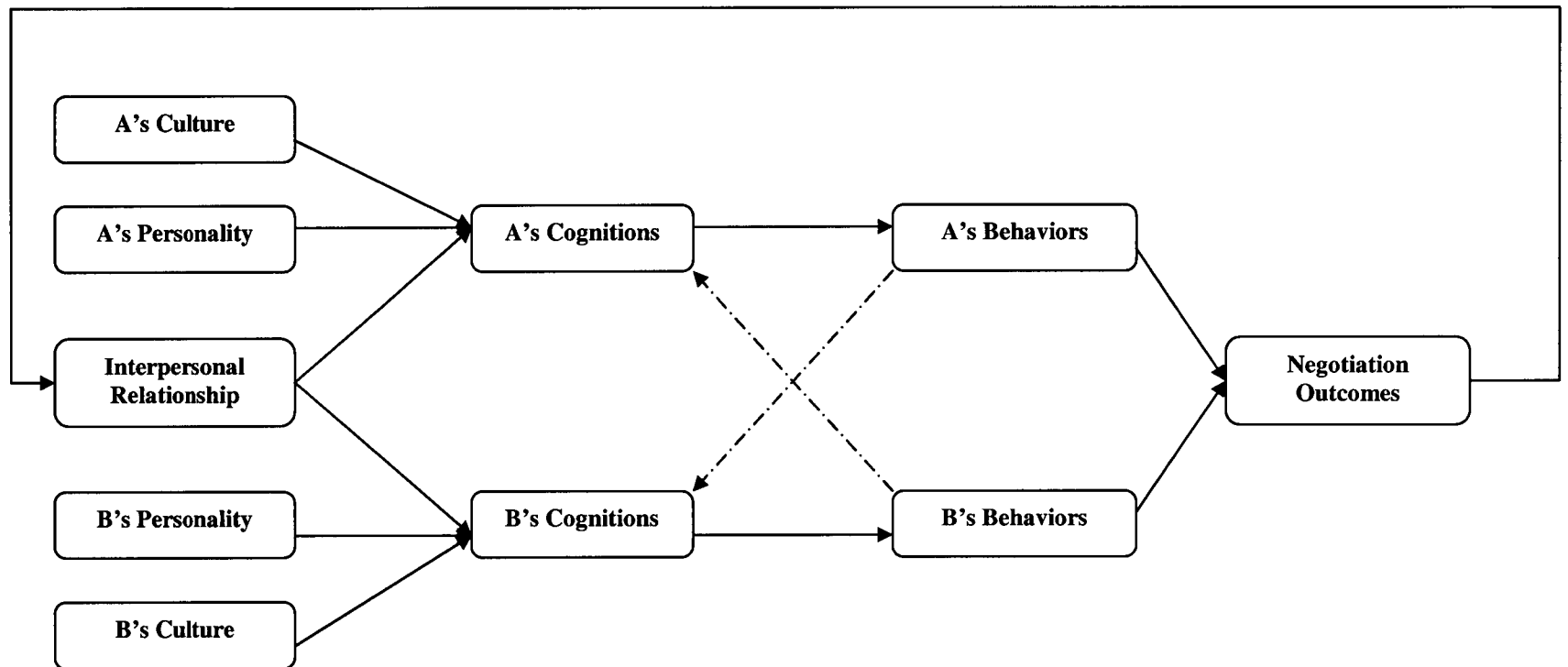
behaviors to the other's cognitions refer to possible sequences of interaction over time during negotiation. The behaviors of each party are seen as choices based on their judgment about the situation by analyzing each other's behaviors, predicting future events, and assessing possible consequences. The actual consequences received by each party are then a function of everyone's behaviors and the contingencies of the negotiation context.

Within the proposed framework, negotiator's personality, culture, and interpersonal relationship are expected to have *indirect* effects on negotiators' behaviors, and further on negotiation outcomes. In this respect, this model breaks through the conventional studies, which often assume individual characteristics have a *direct* effect on bargaining behaviors and/or negotiation outcomes. Unlike the traditional negotiation studies, the new model focuses on how negotiators define and create the game, rather than on how structural features of the game predict negotiators' behavior. In this model, the negotiator's mental construction of negotiation (Gentner & Stevens, 1983; Rouse & Morris, 1986) is central to understanding how the negotiation game is defined, which is also the key to explaining why involved parties do not negotiate the way negotiation researchers believe they should.

This framework also highlights multiple ways in which culture and personality may exert influences on dyadic negotiation. By incorporating theoretical accounts of culture, personality, and multi-dimensional negotiator cognitions, this model allows for a more complex account of interpersonal negotiation. People are more able to look into the existent black box of negotiation by attempting to model how and why culture and personality affect negotiations, something many previous studies have failed to show.

Empirical Studies on Cognitions

A growing body of research has provided evidence that the process and outcome of negotiation cannot be fully understood without a clear understanding of negotiators' mental representation about the negotiation (see Bazerman et al., 2000 for a review). Such a representation has been examined from different perspectives for its promising potential in predicting negotiation behaviors and outcomes (Larrick & Blount, 1997; Pinkley & Northcraft, 1994; Thompson & Hastie, 1990).

Research on negotiator cognitions suggests that involved parties' perceptions of negotiation structure are critical to negotiation process (Bazerman et al., 2000). In an examination of how negotiator's definition of the situation affects the process and outcomes of negotiation, Larrick and Blount (1997) found that negotiators behaved substantially differently when the interactions between parties were framed in different ways, even though the objective structures of the interaction were identical. After a series of studies, they showed that the differences came from the parties' perceptions of different roles assigned by the experimenters in the negotiation. Similarly, using the prisoner's dilemma, Ross and Ward (1995) proved that simply changing the name of the game changed the parties' mental representations about the game brought to the situation, and with it their definition of what bargaining behaviors were acceptable or appropriate. They also claimed that individual dispositions showed virtually no effect. This claim was debatable due to the fact that the third party's impression about participants' reputations of cooperation or defect, rather than an objectively measured personality trait, was used. They also did not test whether the negotiators' perception of the game mediated the effects of individual reputations on the outcomes, as is proposed in this study.

In their creative study exploring the impact of negotiators' perceptions,

Thompson and Hastie (1990) directly measured individual negotiator's perceptions of the potential of the negotiation structure by asking respondents whether the structure allowed for a win-win trade-off. The results showed that the majority held the assumptions their interests were strictly opposed to their counterparts' interests, even though when the situations were set up in such a way that the two parties had identical and compatible interests, and moreover, such assumptions tended to persist throughout the negotiation. Thompson and Hrebec (1996) further provided evidence that individual negotiators who modified their perceptions during negotiation usually did so immediately at the onset of the interaction; otherwise, they would stick to their initial perceptions. Their findings suggested that individual perceptions resulted in largely predictable outcomes during negotiation.

Loewenstein and colleagues (1999) further addressed the issue of a mental model's practicality in negotiation. Based on analogical reasoning, they successfully adjusted negotiators' perceptions of a current negotiation by asking them explicitly to compare bargaining examples rather than to experience examples sequentially. It turned out that such an adjustment in negotiators' mental models greatly affected their behaviors: participants taught to draw analogies between examples were almost three times more likely to apply useful frames from other negotiations than were parties exposed to the examples sequentially.

While past research has provided evidence that negotiator's mental models or cognitions are the key determinant of negotiation process and outcomes, future research is needed to further examine the role of different cognitions (Rouse & Morris, 1986) and to explore what factors influence these cognitions so as to help the world better

understand negotiation and overcome the barriers to effective conflict resolutions. This dissertation takes the first step of exploring how individual differences and cultural background affect negotiator cognitions and how the cognitions mediate the relationship between individual characteristics and negotiation process. In the following chapters, I will present a research model and hypotheses, followed by a laboratory experiment designed to test the hypotheses. I believe that empirical studies on negotiation will benefit from emphasizing the role of negotiator cognitions in the dynamic process of negotiation. The result will also allow managers to understand that negotiators with different backgrounds are of different mindsets and consequently focusing on different issues so that an integrative solution might not be impossible.

CHAPTER 2: RESEARCH MODEL AND HYPOTHESES

Negotiation is a cognitive decision-making process involving the consideration of what are the appropriate objects of the dispute and what are acceptable behaviors to reconcile the "incompatible" interests. The key theme is that a conflict situation elicits a well-defined cognitive structure based on a negotiator's past experiences as well as present concerns (Pinkley, 1990). The way negotiation is interpreted and defined invokes norms and prioritizes the available facts, which provides a cognitive picture of associated events and actions. These cognitive structures or representations of negotiation situations then guide disputant behaviors, strategy selection, outcome preferences, and reaction to other parties. Following this idea, negotiator cognitions as the core determinants of negotiation behavior and affect have been gradually introduced into negotiation research.

Given the importance of negotiator cognitions and the potential impact such naturally occurring cognitive structures can have on the selection of resolution procedures and outcomes, it is necessary to examine various ways people perceive negotiation and to investigate what factors affect these perceptions. For this purpose, this dissertation tests the model shown in Figure 2. In this model, personality traits, including the five dimensions of the Five-Factor Model of personality, together with the cultural dimensions of individualism/collectivism and long-term orientation vs. short-term orientation, affect cognitions, behaviors, and outcomes of interpersonal negotiations. Three cognitions that are important in negotiation are examined, including win-lose orientation, face-saving, and trust. With different cognitions, negotiators can behave competitively, collaboratively, or just yield to others' requests. Different behaviors then lead to different outcomes, including individual profits and satisfaction with negotiation.

FIGURE 2:   A Research Model on Culture, Personality, and Negotiation

Culture Dimensions
- Individualism/Collectivism
- Long vs. Short Term Orientation

Negotiator Cognitions
- Win-lose Orientation
- Face-Saving
- Trust

Tactical Behaviors
- Competitive Behr.
- Collaborative Behr.
- Yielding Behr.

Negotiation Outcome:
- Individual Profits
- Satisfaction

Personality Traits
- Neuroticism
- Extraversion
- Agreeableness
- Conscientiousness
- Openness
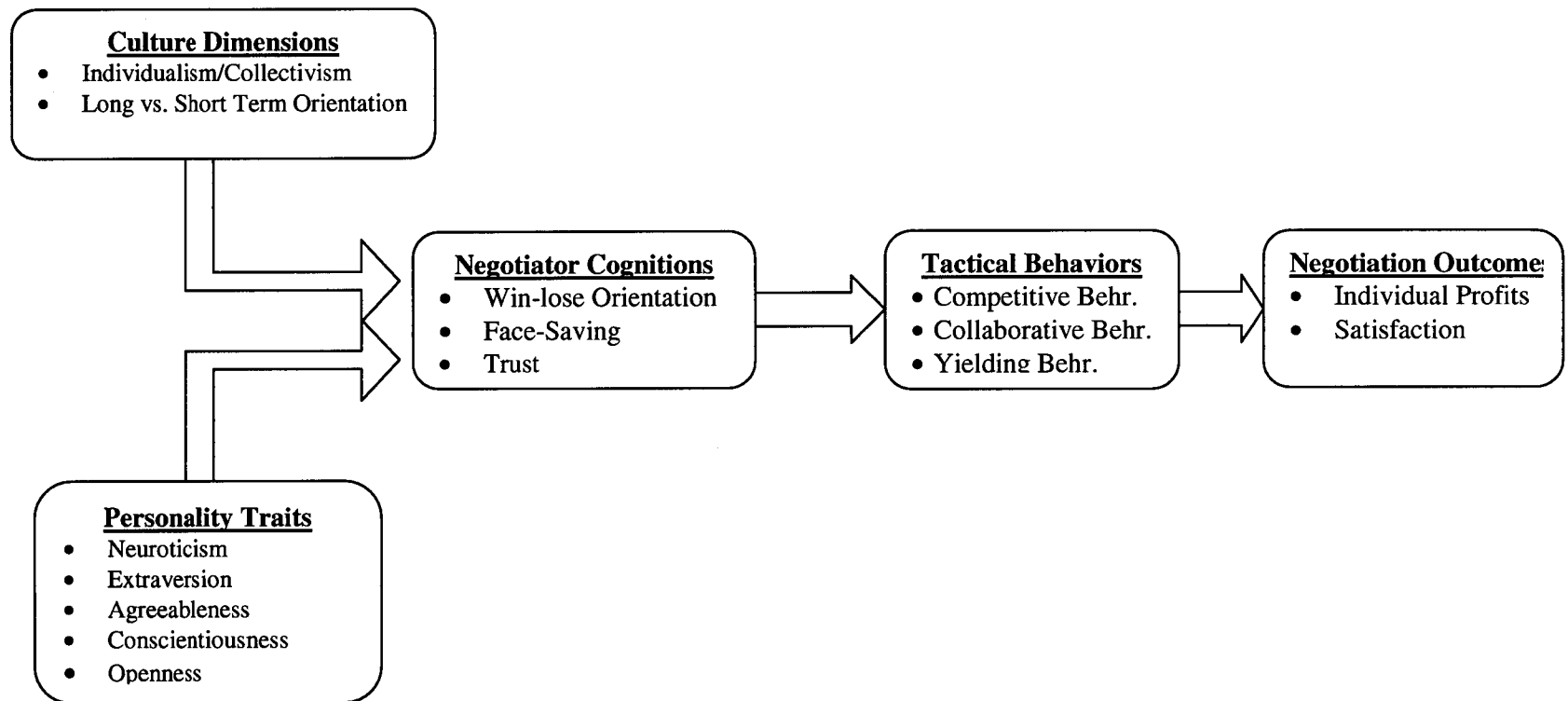
Negotiator Cognitions

Three cognitions of interest will be empirically tested in this dissertation. They are win-lose orientation, face-saving, and trust. These cognitions are examined because of their wide acceptance in the negotiation literature (Boven & Thompson, 2003; Brown, 1968; Goffman, 1967; Larrick & Blount, 1997; Lituchy, 1997) and their important impact on negotiation process and outcomes.

<u>Win-lose Orientation</u> Win-lose orientation, opposite to win-win orientation, is a construct described as a belief that negotiation is a process searching for solutions that maximize one party's interests. It reveals the extent to which people differ in that some disputants see the negotiation as a battling game and one side's gain is the other side's loss while others concentrate on looking for an integrative solution that benefits both sides. This construct has received wide acceptance in the negotiation literature and thus has been extensively examined, though sometimes under different names, such as win-lose assumption or fixed-sum assumption (e.g. Boven & Thompson, 2003). For example, a number of studies have found that win-lose biases influence bargaining behavior and interfere with the attainment of optimal outcomes (Larrick & Blount, 1997; Loewenstein, Thompson, & Gentner, 1999; Ross & Ward, 1995) and that failure to interpret the conflict situation as a win-win situation, even if the integrative potential exists, leads to suboptimal agreements (Thompson & Hastie, 1990).

In her investigation of cognitive representation of conflict, Pinkley (1990) used an inductive multivariate technique known as multidimensional scaling (MDS) to specify the conceptual dimensions necessary to represent people's interpretations of conflict. The MDS technique allows the investigator to derive a representation of the cognitive structure, even though the critical dimension may be implicit and unavailable

to subjects at a conscious level. The results from her studies again show that win-lose orientation is one key construct that people use to define and interpret conflicts.

Face-saving This construct is less researched, but is equally important in negotiations, especially in cross-cultural encounters. Face-saving enjoys popularity in negotiation research even though few studies have really operationalized it and tested it empirically. Dating back at least 2500 years to Chinese culture (Hu, 1944), the concept of face has been defined as the positive value that individuals attach to their situated identities (Goffman, 1967), with two important qualities (Wilson, 1992). First, face is a social commodity. Negotiators worry about losing face when their actions or events discredit a desired identity in *the eyes of significant others*, such as their opponents or their own constituents. Second, face is situated, in the sense that different identities arise from the context. Negotiators hope to be seen as firm or tough advocates who will resist unjust intimidation (Brown, 1968), or, as Tjosvold (1983) put it, face is the image of strength negotiators want to project in conflict.

Face-saving is not only prevalent in the West; researchers have found it is even more important in the East (Hofstede, 1980, 2001). Basically, face in the East describes the proper relationship with one's social environment, which is as essential to a person and to that person's family as the front part of his or her head. Face is lost when the individual, either through his action or that of people closely related to him, fails to meet essential requirements placed upon him by virtue of the social position he occupies. Losing one's face, in terms of dignity, self-respect, and prestige, is equivalent to losing one's eyes, nose, and mouth. Therefore, saving-face is a matter of utmost concern in everyday life and in negotiation.

Image may not be everything, but it is a major concern for negotiators (Wilson, 1992). Experiments in interpersonal bargaining indicate that unjustified insult, unfair reduction of one bargainer's outcomes by an opponent, or other behavior that poses a threat or damage to "face", usually result in retaliation and mutual loss (Brown, 1968, 1970). The reason is that one will fear a loss of status and self-esteem if he permits himself to be unjustly intimidated. In the face of an unjustified threat, the culturally prescribed way of behaving is to challenge the threatener and to engage with him in a contest for supremacy. Goffman (1955, 1959) has theorized that there is a pervasive need to "maintain face" in Western culture and that it is especially apparent in aggressive interchanges and after one's prestige has been damaged in public view. The need, he suggests, motivates people to appear capable and strong whenever possible.

In the service of this need, people often do things that may be costly to them. Goffman (1955) sees face saving as being so pervasive that "... at each and every moment of interaction, actors are concerned with the question: If I do not act in this way or that, will I or others lose face?" (p. 227). As a result, during the process of negotiation, bargainers act not only purposely to maximize their own outcomes, but also to avoid appearing incapable or foolish to audiences while they are seeking them.

Trust A widely held definition states that trust is a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behaviors of another (Rousseau, Sitkin, & Camerer, 1998). It is a belief or feeling of the honesty and reliability of another person. It has been found part of negotiator cognitions and having important impact on negotiation behavior and negotiated outcomes (Raiffa, 1982; Lituchy, 1997). Trust toward the other party is

associated with greater task communication, openness and accuracy of information sent out. Under a condition of high trust, people exchange relevant ideas more openly and have a greater influence on their behaviors and outcomes than people in low trust situations.

Researchers have long recognized the critical role trust plays in negotiation (Kramer & Carnevale, 2001; Ross & Lacroix, 1996), however, surprisingly little attention has been afforded to explaining the impact of trust on interpersonal negotiation process and outcomes (Kramer & Carnevale, 2001). The topic of trust, it seems, deserves more attention in the study of negotiations.

Within the context of interpersonal dyadic negotiation, trust entails a variety of perceptions, including the belief that the other party is expected and motivated to cooperate, is open-minded, and is prepared to engage in earnest and constructive problem solving (Kramer & Carnevale, 2001). Thus, when one party perceives the trustworthiness of the other, the presumption is that one negotiating party is ready to cooperate if the other party manifests a like readiness. This type of trust does not refer narrowly to a perception of the other's character or enduring attitude toward oneself but only of the other's orientation in the current situation. Therefore, the perceptions that the other has benevolent intentions toward the negotiator or the encounter in general will greatly influence negotiation process.

Personality and Negotiator Cognitions

Personality has long been argued to have important effects on negotiations (Barry & Friedman, 1998; Greenhalgh, Nelsin, & Gilkey, 1985; Rubin & Brown, 1975). Previous research on the impact of personality on negotiation, however, has its

limitations, and consequently it fails to provide convincing evidence for the personality effects in negotiation. Rubin and Brown (1975) pointed out broader personality dispositions rather than isolated traits affect real-life negotiations. They advocate a more comprehensive measurement of personality, but it is not evident from the literature that many have taken up the challenge (Greenhalgh et al., 1985). Fortunately, the pitfall of using selected measures of personality for convenience in the research has raised the concerns of a few researchers who advocate the need for a consensus or at least the general outline for the structure and concept of personality. After decades of research efforts, a consensus has been reached that the Five-Factor Model of personality, often termed as "Big Five" (Goldberg, 1990), can be used to describe the most salient aspects of personality. The Big Five is composed of neuroticism, extraversion, openness to experience, agreeableness, and conscientiousness, which are enjoying increasing acceptance and popularity among personality psychologists.

The personality factors that make up the Big Five are not themselves traits but rather dispositional categories under which a variety of specific traits may be subsumed (Barry & Friedman, 1998). According to Barrick and Mount (1991), these five factors include (1) Neuroticism, which is associated with being anxious, depressed, worried, and insecure; (2) Extraversion, which is associated with being sociable, assertive, talkative, and active; (3) Openness to experience, which is associated with being imaginative, curious, original, and open-minded; (4) Agreeableness, which is associated with being courteous, flexible, trusting, cooperative, and tolerant; and (5) Conscientiousness, which is associated with being careful, responsible, and organized. The Big Five thus captures individual characteristics that are affective, experiential, and

motivational (McCrae & Costa, 1989).

The factors comprising the Big Five have been recovered from all personality measures in widespread use, and they could account for the shared variance in the trait adjectives of many languages (Digman & Shmelyov, 1996; Hofstede & McCrae, 2004). Evidence also indicates that Big Five traits are inheritable (Costa & McCrae, 1995). Moreover, an impressive body of literature has accumulated which provides compelling evidence for the robustness of Big Five across different research designs (Goldberg, 1981), using different instruments (Conley, 1985; Costa & McCrae, 1988; McCrae, 1989), in different cultures (Bond & Nakazate, 1975; Noller, Law, & Comrey, 1987), using ratings from different sources (Digman & Inouye, 1986; Waston, 1989), and with a variety of samples. A more recent study by Hofstede and McCrae (2004) has argued that the personality traits measured in the Big Five are biologically based dispositions that characterize members of the human species. In important ways, personality traits appear to transcend culture, and because of this, the study of personality and culture is no longer a matter of documenting how culture shapes personality; instead, it asks how personality traits and culture interact to shape the behavior of individuals and social groups (Hofstede & McCrae, 2004). This dissertation follows their direction and examines the joint impact of personality traits and culture on interpersonal negotiations.

Negotiation research has shown that some dimensions of the Big Five are associated with negotiation process and outcomes. As discussed in the brief history of negotiation research, some personality psychologists have tried to link Big Five traits to negotiation. For example, extraversion and agreeableness have been found to be liabilities in distributive bargaining encounters (Barry & Friedman, 1998). However,

although the effects of personality, culture, negotiator cognitions, and other factors on negotiation process have been studied separately; no research has been done to examine the relationships among these factors and on their joint effects on negotiated outcomes (Greenhalgh et al., 1985). Because of the complexity of real-world negotiation, it is necessary for negotiation researchers to measure a comprehensive range of personality traits using measures such as the Big Five when negotiation process is being examined. More integrative research on personality and negotiator cognitions can assist in building more comprehensive negotiation theories. Therefore, the hypothesized relationships as follows will be examined in this study.

Neuroticism Associated with such common traits as being anxious, depressed, angry, worried, and insecure, neuroticism indicates an unstable emotional state. Individuals high in neuroticism tend to have a negative self-concept, less self-esteem, and less self-acceptance, and tend to have more anxiety about how they look to others, which makes the individual vulnerable to the uncertain situation in the negotiation. As a result, I predict that negotiators high in neuroticism will be more likely to focus on face-saving in negotiation. Because what high neuroticism individuals care about is their own image the relationship between neuroticism and win-lose or trust is uncertain. With respect to the win-lose orientation, although negotiators high in neuroticism might need to win in order to prove themselves, they do not necessarily need to defeat their partners; a win-win solution can also satisfy their needs. Therefore, it is hypothesized:

    H1:   Negotiators high in neuroticism will be more likely to focus on face-saving.

Extraversion As an indicator of one's interpersonal assertiveness, gregariousness, and confidence (Costa & McCrae, 1995), extraversion has been found to predict levels of individual impact on group interaction (Barry & Friedman, 1998). Individuals high in extraversion are more inclined to develop interpersonal relationships, spend more time with others, and enjoy being around with people. The preferences for social interaction incline extraverted people to consider the positive value attached to their situated identities to be important, i.e., the image. Therefore, they will have a strong need to protect their face in such interpersonal interactions as negotiations.

H2: Negotiators high in extraversion will be more likely to focus on face-saving.

Agreeableness Agreeableness encompasses tendencies to be cooperative, considerate, generous, altruistic, and trusting of others. Researchers have argued that agreeableness may be the Big Five dimension most closely tied to interpersonal negotiation (Barry & Friedman, 1998). Research findings support that individual differences in agreeableness are linked to perceptions of and preferences for cooperative conflict resolution behaviors (Barry & Friedman, 1998; Graziano, Jensen-Campbell, & Hair, 1996). In situations involving interdependence, agreeableness reflects a stable social value orientation that is trusting and cooperative and consequently agreeable negotiators are more likely to have a high trust perception of the other.

In the specific context of negotiation, the proclivity to be trusting and cooperative will lead the agreeable negotiators to interpret the negotiation as a

concession-making process, i.e., one's win is the other's loss, so that their counterparts would win and approve of them. Studies have shown that bargainers who are agreeable tend to make fewer demands and more concessions than bargainers whose social value orientations are either individualist or competitive do (Barry & Friedman, 1998). The generous nature of agreeableness also has a clear potential to undermine the necessary pursuit of self-interest, which again suggests a win-lose orientation from the agreeable individuals. Therefore, it is hypothesized in this study that

H3a: Negotiators high in agreeableness will be more likely to perceive negotiation as a win-lose process.

H3b: Negotiators high in agreeableness will have high trust towards the other negotiators.

Conscientiousness Sometimes termed as "Will", conscientiousness reflects being dutiful, thorough, responsible, and self-disciplined (McCrae & Costa, 1989). Within the context of dyadic negotiations, these personality features are good for negotiation preparation, but not necessarily related to any of the cognitions studied here. Empirical studies also support the fact that conscientiousness is generally not related to any negotiation success, either in distributive negotiation or in integrative negotiation (Barry & Friedman, 1998). Thus, the following hypothesis will be examined:

H4: Conscientiousness will not be related to win-lose orientation, face-saving or trust.

Openness to Experience Openness to experiences has often been defined as

having an active imagination, being intellectually curious, having a preference for variety, and willingness to entertain new ideas (Costa & McCrae, 1992). Openness reflects the extent to which people are willing to make adjustments in notions and activities in accordance with new ideas and situations. Within the context of dyadic negotiations, open-minded negotiators are more likely to take into consideration both the interests of their counterparts and the interests of their own, and consequently less likely to have a win-lose orientation in defining negotiation situations. Openness to experience also means negotiators are more willing to entertain new ideas, which makes possible a creative, win-win solution that satisfies both sides.

H5:   Negotiators high in openness to experience will be less likely to have a win-lose orientation.

Culture and Negotiator Cognitions

Culture provides socially shared values, norms, and institutions that help members interpret and react to recurring situations, thus it is expected to affect negotiators' perceptions about the generalized negotiation context (Brett & Okumura, 1998; Gelfand et al., 2001; Tinsley, 1998). As discussed in previous studies, even though negotiations are exactly the same, negotiators are found to cognitively construct the social context in their unique ways and consequently form different cognitions of the interaction they are involved in. Such construction and interpretations are grounded in the meaning system and practices that pervade the larger cultural context, and thus, what negotiators pay attention to will vary across cultures (Gelfand & Dyer, 2000; Lituchy, 1992, 1997; Ma & Jaeger, 2003).

Gelfand et al. (2001) examined the differences between Japanese and American students in their cognitive interpretations of identical conflicting events. Results showed that American students were more likely to perceive the conflicts as concerned with individual rights, autonomy, and competition, whereas Japanese students perceived the conflicts as more related to duties, obligations, and cooperation. Moreover, Brett and Okumura (1998) illustrated that cultural differences in negotiator cognitions had important effects on negotiation outcomes. Also using American and Japanese samples, they found negotiators' interpretations of negotiation (related to power, information sharing, and self-interests) were greatly influenced by cultural aspects, including individualism/collectivism and hierarchy/egalitarianism, and such cognitive differences made it more difficult to achieve integrative outcomes in intercultural negotiation pairs than in intracultural negotiation pairs. Lituchy found similar results in her study (1992, 1997) on the impact of cultural collectivism on negotiation cognitions – empathic concern and trust.

Another notable study to further the endeavors in this perspective was done by Tinsley (1998), who linked culture dimensions with negotiator's beliefs about normative conflict models by comparing the samples from the United States, Japan and Germany. In particular, cultural differences on hierarchical differentiation, explicit contracting, and polychronicity were related to preferences for using authorities, relying on external regulations, and integrating interests in conflict resolution, respectively.

Whereas there are a few studies that focus on culture and negotiator cognitions across different countries, research in this area is still in its infancy. Most of the studies on culture and negotiation still use geographical location as a surrogate for culture,

rather than actually measuring the culture of interest (Gelfand & Dyer, 2000; Hofstede, 1980). Consequently, it is not possible to specify the aspects of culture that account for any difference, and thus our understanding of the relationship between culture and negotiation and negotiator cognition is limited.

To better examine the relationship between culture and negotiation, I propose to examine the influence of culture on negotiation cognitions by using a comprehensive framework of culture dimensions, i.e., Hofstede's culture traits model (1980, 2001), which is the most influential model of culture traits in cross-cultural research area and one of the few models that has been empirically tested and supported. As is widely known, Hofstede's seminal work is based on responses from more than 116,000 IBM employees in over 53 countries across the world. Statistical analysis of this data suggests that five dimensions could describe the important differences among the cultures (Hofstede, 2001), including individualism/collectivism, power distance, uncertainty avoidance, masculinity/femininity, and long-term vs. short-term orientation. In this study I will test the impact of culture on negotiator cognitions by focusing on two dimensions that are manifestly related to social interaction and social behavior: individualism/collectivism and long-term vs. short-term Orientation.

This study focuses on the individualism/collectivism and long-term vs. short-term orientation for two reasons. First, individualism/collectivism is extensively examined in the intercultural literature and has been tied to a number of cross-cultural interactions (Drake, 2001; Lituchy, 1992, 1997). In fact, individualism/collectivism is probably the most important and the most frequently cited cultural dimension in negotiation studies (Bazerman et al., 2000; Triandis, 1990). It is therefore deemed a

more valid and reliable indicator of culture than some of other dimensions. For example, Hofstede (1980) found that the uncertainty avoidance dimension was significantly affected by factors other than culture, namely, age. As the age of respondents increased, uncertainty avoidance increased systematically. In contrast, individualism/collectivism was not affected by such factors.

Second, individualism/collectivism encompasses the competitive and cooperative aspects of negotiation that relate to information exchange and cognition construction. That is, the focus on competition is valued by individualists and may therefore be the most salient aspect of individualistic negotiators, whereas the focus on cooperation is valued by collectivists and may therefore be the most salient aspect of collectivistic negotiators. This makes individualism/collectivism serve particularly well as a predictor of different negotiator cognitions.

Unlike individualism/collectivism, long-term versus short-term orientation is the least studied cultural dimension in the negotiation area. No study has been conducted to examine its impact on negotiation yet, but with a clear trend towards building long-term business relationships in more and more negotiations, this dimension is expected to be particularly relevant to negotiation studies and practices alike.

Another cultural dimension that has received attention in negotiation research is power distance, which reflects the extent to which the less powerful members of organizations and institutions accept and expect that power be distributed unequally. Power distance is not included in this study because the way power distance affect negotiation is different: The main impact of power distance manifests in individual's decision on whether or not to enter negotiation rather than in the actual negotiation

process. As negotiation research has shown, people from high power distance cultures have fewer conflicts with their supervisor or senior partners and are more likely to have superiors intervene in setting their conflicts than do members of low power distance cultures (Leung, 1998; Tinsley, 1998).

The relationship between individualism/collectivism and negotiator cognitions to be examined is based on this reasoning: Since individualism is defined as and reflects the degree to which people in a group prefer to act as individuals rather than as members of groups, which is the opposite of collectivism (Hofstede, 2001), it is expected that the individualist negotiators have more concerns with their individual interests and achievement, whereas the collectivist negotiators have more concerns with preserving interpersonal relationships and achieving a mutually beneficial agreement among the involved parties (Lituchy, 1992, 1997; Markus & Lin, 1998). As a result, they will form different cognitions: individualists will be more likely to perceive negotiation as a win-lose process, and less likely than collectivists to trust the other, that is, less likely to feel that the others have a cooperative intention and are motivated for mutually beneficial problem solving. Moreover, because of the strong emphasis on relationship building and harmony-maintaining in collectivistic cultures, the focus for face-saving will be more prominent for collectivistic negotiators and less for individualistic negotiators.

H6a: Individualistic negotiators will be more likely to have a win-lose orientation.

H6b: Individualistic negotiators will be less likely to focus on face-saving.

H6c: Individualistic negotiators will be less likely to trust their partners.

The long-term vs. short-term orientation is defined as the fostering of virtues oriented towards future rewards as opposed to the fostering of virtues related to the past and present (Hofstede, 2001). Along the long-term side of this dimension, one finds values oriented towards the future, in particular thrift and perseverance; on the short-term side one finds values rather oriented towards the present and past, in particular expecting quick results. With this difference, it can be conjectured that individuals with a long-term orientation will be more likely to concentrate on the future opportunities embedded in the negotiation instead of on the short-term interests, more likely to believe the honesty and reliability of the other in the course of building long-term relationships, more inclined to perceive the potential of and search for a win-win solution, and more persistent in pursuit of their best, most likely not immediate, interests. Accordingly, long-term oriented negotiators are more likely to see the negotiation process as a way to protect their images in order to form a harmonious working relationship for the long run.

H7a: Long-term oriented negotiators are less likely to perceive negotiation as a win-lose process.

H7b: Long-term oriented negotiators are more likely to focus on face-saving.

H7c: Long-term oriented negotiators are more likely to trust the other negotiators.

Negotiator Cognitions and Negotiation Behaviors

People use different behaviors during negotiation depending on the extent to which they are concerned with their own interests and with the others' interests (Thomas & Kilmann, 1974). A primary component of negotiation process is the cooperative-competitive context of bargaining behaviors exhibited by involved parties (Clopton, 1984; Lituchy, 1992, 1997; Rhinehart & Page, 1992). Using a competitive behavior involves the use of fixed-sum or distributive tactics such as threats, promises, position, commitments, and persuasive agreements (Pruitt & Lewis, 1975). Competitive negotiators tend to pursue their own interests at the others' expense. This is a power-oriented behavioral type, in which one uses whatever power seems appropriate to win one's position—one's ability to argue, one's rank, and economic sanctions. Competing might mean "standing up for your rights", defending a position that you believe is correct, or simply trying to win (Thomas & Kilmann, 1974).

The opposite of competitive behavior is cooperation-based yielding behaviour, which involves neglecting ones' own concerns to satisfy the concerns of the others. There is an element of self-sacrifice in this behavior. In the process of negotiation, yielding negotiators might take the form of selfless generosity or charity, obeying another person's order when one would prefer not to, or just yielding to another's point of view. This way the yielding party is seeking to engender trust and mutual support.

A third type of behavior is collaborative behavior, also called integrative behavior. Collaborative behavior is a combination of competitive behavior and yielding behavior, and therefore it is both competitive and cooperative. Collaborative behavior involves an attempt to work with the other person to find solutions that fully satisfy the interests of both parties (Thomas & Kilmann, 1974). Like yielding behavior,

collaborative behavior indicates a willingness to adjust the position; unlike yielding behavior, collaborative behavior is not a yielding only strategy, but an active search for integrative or "win-win" solutions, and therefore more competitive than purely yielding behavior. Collaborative individuals attempt to dig into an issue to identify the underlying concerns of the two sides and to find an alternative that meets both sets of concerns. In negotiation, collaborative behavior might take the form of exploring a disagreement to learn from each other's interests, concluding to resolve some condition which would otherwise have them competing for resources, or it might take the form of confronting and trying to find a creative solution. The focus is on seeking an integrative solution through open and accurate information exchange, mutual concessionary behaviors, and mutual respect for individual goals (Campbell et al., 1988; Lituchy, 1992, 1997).

According to social cognition theory (Higgins, 1996; Morris & Fu, 2001), cognitions affect ones' behavioral intentions and behaviors. Cognitions and behavioral intentions help us understand, predict, and control human behaviors, including negotiation behaviors. In this study, because the win-lose orientation is about search for the best solution that maximizes one party's interests, I expect the win-lose orientation will lead to more competitive behavior and less collaborative behavior. The relationship between the win-lose orientation and yielding behavior is undefined because although high win-lose orientation might drive negotiators to fight hard to maximize their own interests the low win-lose mentality does not necessarily lead to more concession making.

H8a: The win-lose orientation will lead to more competitive behavior.

H8b: The win-lose orientation will lead to less collaborative behavior.

Similarly, the face-saving orientation has been found to be closely related to competitive behavior in negotiation, especially when one side believes the other's behavior has posed a threat or damage to his "face", because negotiators act not only purposely to maximize their own outcomes, but also to avoid appearing incapable or foolish to the audience while they are seeking them (Goffman, 1955). In a less radical manner, negotiators will show less willingness to accommodate the others' interests. Therefore, it is suggested that:

H9a: Face-saving will lead to more competitive behavior.

H9b: Face-saving will lead to less yielding behavior.

Numerous studies suggest that trust facilitates the use of integrative behaviors and attainment of integrative, mutually beneficial outcomes (e.g., Butler, 1995; Larson, 1997; Lituchy, 1992, 1997). There is evidence that trust encourages the exchange of information about negotiators' respective values and priorities. Trust also makes it easier to reach agreements on proposed offers. Research has also demonstrated that individuals are much more likely to engage in yielding behavior when they trust others with whom they are interdependent to reciprocate such cooperation (Kramer & Carnevale, 2001; Lituchy, 1992, 1997).

According to Pruitt (1981), trust in a negotiation situation is manifested as a perception that the other negotiator has a cooperative orientation and is generally

unselfish. As a result, trust will lead to more collaborative behaviors and more integrative outcomes because it allows for more open communication and exchange of information.

H10a: Trust will lead to more collaborative behavior.

H10b: Trust will lead to more yielding behavior.

Negotiation Behaviors and Outcomes

Different behaviors lead to different outcomes. In this study, two major outcome variables are examined: (1) negotiator's individual profits or the economic outcome, and (2) negotiator's satisfaction or affective outcome. The inclusion of a dependent variable measuring negotiators' individual profits reflects an ultimate interest in negotiation studies and the interests in the effectiveness of strategies negotiators use in negotiation (Barry & Friedman, 1998; Lituchy, 1992, 1997). In effect, the economic outcome variable measures the involved parties' abilities to productively utilize time and other resources in reaching an agreement and to maximize their profits, depending on their understanding of the negotiation situation.

Satisfaction, though closely related to economic profits, focuses more on the affective components. Satisfaction is the factor that will increase the possibility of double winning and maintaining long-term relationships. It has been linked to functional behaviors in a variety of settings (Churchill, Walker, & Ford, 1990) and considered a critical outcome measure of exchange relationships (Ruekert & Churchill, 1984). Satisfaction with the negotiation is especially important when integrative solutions in negotiation become more important and long-term relationships become

more valuable than a one-shot transaction. Measures of negotiation satisfaction have been used as dependent variables in various prior studies of the negotiation process (Campbell, Graham, Jolibert, & Meissmer, 1988; Graham, 1986) and its inclusion as a primary outcome of negotiation behaviors seems warranted.

Because competitive behavior maintains high levels of aspiration and high limits for negotiation outcomes and uses very inflexible tactics to force concessions from the other party, and because competitive behavior is based only on the concerns of the competitor, it doesn't take into consideration the others' interests. Consequently, competitive behavior is more likely to generate high individual profits for self and high satisfaction with the negotiation.

H11a: Competitive behavior will lead to high individual profits.

H11b: Competitive behavior will lead to high satisfaction.

As collaborative behavior involves an attempt to work with the other person to find solutions that fully satisfy the interests of both parties, it is more likely to increase individual profits by enlarging the total profits that the involved parties are to share, different from that of competitive behavior; similarly, because collaborative behavior focuses on seeking an integrative solution through open and accurate information exchange, mutual concessionary behaviors, and mutual respect for individual goals, it is more likely that the negotiation process will be smooth and that negotiators using collaborative behavior will be satisfied with the negotiation as a whole. It is worthwhile to point out that even though both collaborative behavior and competitive behavior are expected to lead to high satisfaction, their effects on the other negotiators are different:

for competitive behavior, the other negotiator is more likely to feel the pressure from the focal negotiator and thus less satisfied, while in the case of collaborative behavior, the other negotiator is more likely to feel the smoothness of the negotiation process and therefore more satisfied.

H12a: Collaborative behavior will lead to high individual profits.

H12b: Collaborative behavior will lead to high satisfaction.

Because yielding behavior is to accommodate the others' concerns, it suggests low individual profits in negotiation; because yielding behavior neglects ones' own concerns to satisfy the interests of the others, it is hard to say whether negotiators using yielding behavior will be satisfied or not. Therefore, it is hypothesized as:

H13:   Yielding behavior will lead to low individual profits.

Besides the hypotheses on the relationship between personality, culture, cognitions, behaviors, and outcomes as discussed above, one key proposition in this dissertation is that negotiator cognitions will mediate the impact of personality and culture on negotiation behaviors, which is believed the main reason that so many negotiation studies have failed to find the true impact of individual differences on negotiation behaviors or outcomes. In the same vein, negotiator behaviors will mediate the relationship between negotiator cognitions and negotiation outcomes.

H14a: Negotiator cognitions will mediate the effects of personality and culture

on negotiation behaviors.

H14b: Negotiation behaviors will mediate the effects of negotiator cognitions on negotiation outcomes.

In this chapter, based on the literature on negotiator cognitions, negotiation behaviors, and negotiation outcomes, a research model is constructed to examine the relationship between Big Five personality traits, individualism/collectivism, long-term orientation, and negotiator cognitions, including win-lose orientation, face-saving, and trust, as well as the relationship between cognitions and negotiation process. From the research model, testable hypotheses are developed (see Figure 3). In the next chapter, an experiment is designed and conducted to test these hypotheses.

FIGURE 3:   Research Hypotheses
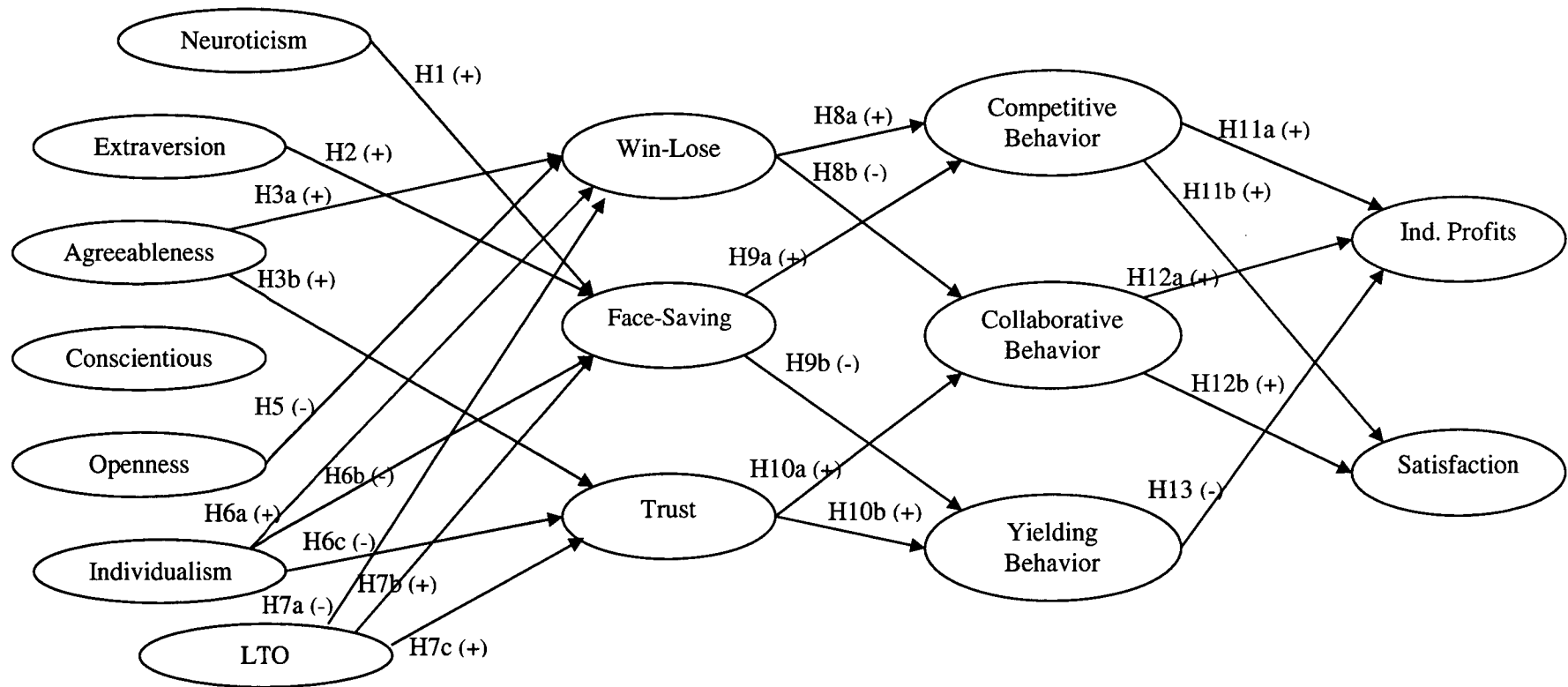
CHAPTER 3: METHODS

Subjects

240 international undergraduate students from two major Canadian universities in the east of Canada were recruited via volunteer and course credit options. 57% of them were female. The average age was 20 (Minimum = 17; Maximum = 37, s.d. = 2.67), with an average working experience of 1.5 years. Students were randomly paired off in same-sex pairs for a negotiation exercise. Table 1 presents the countries (respondent's citizenship at birth) represented in the sample and their relative distribution. Based on Hofstede's cultural framework (2001), around 60% of the subjects came from individualistic cultures, 30% from collectivistic cultures, and the remainder was unknown.

Procedures

Student participants were told beforehand they were participating in a negotiation exercise in which they would play the roles they were assigned to. They were instructed to be as creative as they wanted. They were also told that this study was only for academic purpose and confidentiality was ensured by assigning each subject a pseudo-id so that no real identities would be collected for the final results.

About two weeks before the negotiation exercise (Time 1), each student was given a personality questionnaire and an individual value survey (See **Measures** section below) to complete. On the day when negotiations were conducted, subjects were randomly paired-off into buyer-seller dyads and assigned to different roles for negotiation. Written instructions were handed out which described negotiator's role as a buyer or seller in a simulated business negotiation for three appliances (see Appendix A).

Table 1: Countries Represented

Country	Frequency	Percent
America, U.S.	3	1.2
Arab country	2	0.8
Bahamas	2	0.8
Bangladesh	1	0.4
Bermuda	2	0.8
Brazil	1	0.4
Burma	1	0.4
Canada	120	49.8
China	18	7.5
Congo	1	0.4
Croatia	1	0.4
Cuba	2	0.8
Egypt	3	1.2
England	4	1.7
France	4	1.7
Greece	2	0.8
Holland	1	0.4
India	4	1.7
Ireland	2	0.8
Israel	2	0.8
Italy	9	3.7
Japan	2	0.8
Jordan	3	1.2
Kenya	1	0.4
Korea, South	2	0.8
Lebanon	2	0.8
Lithuania	1	0.4
Mauritius	1	0.4
Morocco	1	0.4
Pakistan	5	2.1
Palestine	1	0.4
Philippine	1	0.4
Poland	1	0.4
Romania	2	0.8
Russia	2	0.8
Scotland	1	0.4
Spain	2	0.8
Tanzania	1	0.4
Trinidad	2	0.8
Ukraine	2	0.5
Yugoslavia	1	0.4
Unknown	22	9.1

The instructions informed negotiators that they were allowed to share any information with their partners as they saw appropriate, but must not show their own instructions to their partners. Participants had 30 minutes to read their instructions and prepare for this negotiation. Before starting the actual negotiations (Time 2), they filled out a pre-negotiation questionnaire. Participants then had 30 minutes to negotiate an agreement. Dyads who settled within the 30 minutes assigned were asked to complete a final written contract on the agreed options. Finally, every one completed a post-negotiation questionnaire, which measured negotiation behaviors and negotiation outcomes (Time 3). In this study all dyads reached agreements within 30 minutes and therefore all were used in data analysis.

Negotiation Exercise

The negotiation exercise was a variable-sum simulation similar to that used by Thompson & Hastie (1990) and Drake (2001) with some adaptation. Negotiators were instructed to reach an agreement on the prices for three appliances: (1) big-screen TV set, (2) digital camcorder, and (3) laptop computer. For each appliance, the negotiator received a list of 9 possible prices to be paid for that item, labeled "Price A", "Price B", and so on, through "Price I". Next to each price was listed the dollar amount of profits the negotiator would earn from setting at that price (see Appendix A)

Different appliances earned different profits for negotiators. For instance, sellers could achieve a profit of $1000 for each unit of big-screen TV sets, but only $600 for laptop computers. In addition, the profit sheets for buyer and seller differed in that some high-profit appliances for buyers were low-profit appliances for sellers, and vice-versa. Thus, the opportunity for mutually beneficial trade-off existed. For example, the best

price for big-screen TV sets could earn $1000 for sellers but could only earn $600 for buyers. Contrary to this, the best price for laptop computers could only earn $600 for sellers, but could earn $1000 for buyers. Therefore, both sides could compromise their least profitable item to maximize profits on their most profitable item.

Other appliances represented incompatible goals for buyers and sellers, a zero-sum situation. That is, each negotiator stood to make exactly the same amount of profit for that item and would be forced to compete for a sizable share of that profit. For example, buyer and seller could both earn $0 to $800 for digital camcorder and must split the difference to reach an agreement.

This exercise appropriated those used extensively in other dyadic simulations (Drake, 2001; Kimmel, Pruitt, Magenau, Konar-Goldband, & Carnevale, 1980; Pruitt, 1981; Simons, 1993; Thompson, 1991; Thompson & Hastie, 1990). This type exercise was popular because it held both integrative and competitive potential and usually created about 30 minutes of substantive interaction. Pruitt (1981) argued that negotiators were more likely to look for integrative solutions to this task when they held relatively high aspiration. Consistent with this assumption, and with the Pruitt and Lewis (1975) study, negotiators were told in the instructions that their supervisor expected them to make at least $1200 of profit from the negotiation. This induction was included to discourage straight "middle of the road" compromises, such as price "E", "E", and "E" for all three appliances, that is, $1200 of profits for both sides (see Appendix B). Negotiators were told verbally, as in the written instructions, "you may share any information you see as appropriate with your counterpart, but you may not exchange the work sheets."

Manipulation Check

To check the role and other manipulations, each participant were asked regarding their (1) role, (2) goal in terms profits, (3) planned opening bid in terms of prices, and (4) the amount of profit represented by the opening bid. These questions were asked to ensure subjects understood the instructions and the task. Few participants failed these items and the most common mistake was a miscalculation of profits, which would be reviewed and corrected. After completing the negotiation, participants were then debriefed and questions were answered in the discussion period.

Independent Variables

Personality An international personality inventory (IPI) measuring Big Five developed by Goldberg (1999) was used in this study to measure negotiator's personality. The IPI scale is a 50-item short-version scale that provides a brief, comprehensive measure of the five dimensions of personality. It consists of five 10-item scales that measure each of the five dimensions of personality in the Five-Factor Model: neuroticism, extraversion, openness to experience, agreeableness, and conscientiousness. Sample questions include: "I feel little concern for others," "I don't talk a lot," and "I sympathize with others' feelings". Students were asked to indicate on a 5-point scale how accurately each statement described him or her, where 1 = *very inaccurate* and 5 = *very accurate* (Please refer to Appendix C). Factor analyses were performed using principal component analysis in SPSS on all 50 items to replicate Goldberg's study (1999) and five factors were clearly recovered from these items. Table 2 shows the factor loadings on each personality dimension, with some cross-loading items removed. The resulting scales that were used for analysis later on in this dissertation included: 9 items for neuroticism

Table 2: Factor Analysis Result for IPI Personality Scale

ITEM	NEURO	EXTRA	CONSC	AGREE	OPEN
44	.771				
29	.744				
39	.704				
49	.669				
4	.654				
34	.633				
14	.604				
9	.519				
24	.481				
31		.710			
16		.687			
6		.655			
41		.650			
11		.646			
21		.641			
26		.641			
1		.639			
36		.552			
43			.669		
23			.657		
3			.652		
18			.646		
8			.641		
33			.631		
28			.626		
38			.514		
13			.474		
48			.464		
32				.677	
17				.669	
37				.641	
42				.601	
27				.586	
22				.575	
2				.568	
7				.485	
50					.707
25					.662
30					.630
10					.607
20					.589
35					.588
15					.585
5					.434
Factor Eigenvalue	**7.36**	**4.69**	**3.79**	**2.72**	**2.26**

(reliability alpha = .85; $\underline{M}$ = 2.92, S.D. = 0.70, Maximum = 4.40; Minimum = 1.00); 9 items for extraversion (reliability alpha = .86; $\underline{M}$ = 3.46, S.D = 0.69, Maximum = 1.50, Minimum = 4.90); 10 items for conscientiousness (reliability alpha = .82; $\underline{M}$ = 3.35, S.D. = 0.64, Maximum = 4.90, Minimum = 1.10); 8 items for agreeableness (reliability alpha = .78; $\underline{M}$ = 3.93, S.D. = 0.55, Maximum = 5.00, Minimum = 2.25); and 8 items for openness to experiences (reliability alpha = .80; $\underline{M}$ = 3.66, S.D. = 0.59, Maximum = 5.00, Minimum = 1.63).

Culture New scales were developed in this study to assess cultural dimensions: Individualism/Collectivism and Long-term orientation vs. Short-term orientation. Because the analysis of this study was conducted at the individual level the scale used by Hofstede (2001) and others could not be used directly to calculate the cultural values. However, as Earley (1993) has argued, a scale can be developed from those that are used in previous studies. The new scales adapted items used by Wagner (1995) for assessing Individualism/Collectivism. Three items that were particularly relevant to working together to solve problems and related to group performance were used for tapping individualism/collectivism. These items were "A group is more productive when its members follow their own interests and concerns", "A group is more efficient when its members do what they think is best rather than doing what the group wants them to do", and "A group is more productive when its members do what they want to do rather than what the group wants them to do."

To assess long-term orientation vs. short-term orientation, items from Hofstede's (2001) study and the Chinese Value Survey (1987) were used. This was an 8-item scale. Sample items include: "Thrift," "Face-saving or protecting your face," and "Respect for

tradition." These scales have been used in cross-cultural research and shown to be psychometrically valid (cf. Earley, 1993; Hofstede, 2001; Wagner, 1995). All questions were based on a 5-point scale, with 1 = *not important at all* and 5 = *the most important* for long-term orientation, and 1 = *strongly disagree* and 5 = *strongly agree* for individualism/collectivism (Please refer to Appendix D). Factor analyses were also performed on all the cultural value items. Two factors emerged from the items used (see Table 3). The scores from these two factors were thus used in analysis. The reliability alpha for Individualism/collectivism was .79 ($\underline{M}$ = 3.81, S.D. = 0.77, Maximum = 5.00, Minimum = 1.00), and .60 for long-term orientation vs. short-term orientation ($\underline{M}$ = 3.38, S.D. = 0.46, Maximum = 4.50, Minimum = 1.75).

Dependent Variables

Win-lose Orientation The win-lose orientation was assessed with four questions that were based on similar items from a previous study on conflict frames (Pinkley & Northcraft, 1994). Participants were asked to indicate their opinion on each question based on a 5-point scale where 1 = *strongly disagree* and 5 = *strongly agree*. The questions included: "This negotiation requires an apology or admission of wrongdoing by one of the parties." "The focus of the negotiation is on who did what to whom and the consequences of specific actions." "This negotiation requires a concession by one party." and "In this negotiation, one party is right and the other one is wrong." (see Appendix E). The reliability coefficient alpha for win-lose orientation was .61 ($\underline{M}$ = 2.32, S.D. = 0.65, Maximum = 4.00, Minimum = 1.00).

Face-saving One 2-item index was developed for face-saving based on Brown's study on face work (1960; 1970). Using 5-point scales participants indicated their opinion

Table 3:   Factor Analysis Result for Individualism/Collectivism and LTO/STO

ITEM	IND/COL	LTO/STO
A group is more productive when its members do what they want to do rather than what the group wants them to do	.859	
A group is more efficient when its members do what they think is best rather than doing what the group wants them to do	.840	
A group is more productive when its members follow their own interests and concerns	.810	
Personal steadiness and stability		.560
Thrift		.550
Persistence (perseverance)		.549
Respect for tradition		.535
Ordering relationships by status and observing this order		.491
Having a sense of shame		.485
Reciprocation of greetings, favors, and gifts		.480
Face-saving or protecting your face		.457
Factor Eigenvalue	**2.15**	**2.12**

on two statements, including "It is very important that I appear strong in this negotiation." and "It doesn't matter that I appear strong or weak in this negotiation." (reverse coded), where 1 = *strongly disagree* and 5 = *strongly agree*. The reliability coefficient alpha for face-saving was .64 ($\underline{M}$ = 4.01, S.D. = 0.79, Maximum = 5.00, Minimum = 1.00) (see Appendix E).

Trust The level of trust was measured using a 7-item scale adapted from the scale used by Robinson and Rousseau (1994). Sample questions include "I am not sure I fully trust my partner" (reverse coded), "My partner is open and upfront with me," and "I can expect my partner to treat me in a consistent and predictable fashion." With participants' responses ranging from 1 = *strongly disagree* to 5 = *strongly agree*. The reliability coefficient alpha was .80 ($\underline{M}$ = 3.17, S.D. = 0.61, Maximum = 4.86, Minimum = 1.00) (see Appendix E).

Negotiation Behaviors To measure negotiation behaviors, including competitive behavior, collaborative behavior, and yielding behavior, three sets of questions were developed for this purpose with items adapted from the Thomas-Kilmann Conflict Mode Instrument (MODE) (1974). The MODE was designed to gauge an individual's behavioral style in conflict situations, and it has been the most widely accepted questionnaire of its type in both research and training. The newly developed behavioral measures originally consisted of 6, 7, and 6 items for competitive, collaborative, and yielding behaviors, respectively. Participants were asked to assess how each statement described his or her behaviors in the negotiation. Sample items included "I was firm in pursuing my goals during the negotiation" and "I tried hard to win my position" or "I tried hard to soothe my partner's feelings and to preserve our relationship" and "In

approaching negotiation, I tried to be considerate of the other person's wishes".

Respondents were to assess the response on a 5-point scale where 1 = *strongly disagree* and 5 = *strongly agree* (Please refer to Appendix F).

Factor analyses were then run on all the items to differentiate each type of behavior. With cross-loading items removed, three clean factors resulted, wherein the scale for competitive behavior had four items (reliability coefficient alpha = .81; $\underline{M}$ = 3.69, S.D. = 0.67, Maximum = 5.00, Minimum = 2.00), the scale for collaborative behavior had four items (reliability coefficient alpha = .77; $\underline{M}$ = 3.64, S.D. = 0.68, Maximum = 5.00, Minimum = 1.25), and the scale for yielding behavior also had four items (reliability coefficient alpha = .73; $\underline{M}$ = 3.45, S.D. = 0.75, Maximum = 5.00, Minimum = 1.00) (see Table 4 for the relevant factor analysis results). Scores from these 4-item scales were used for data analysis later on.

Negotiation Outcomes Outcome variables were measured in different ways: For individual profits, the dollar amount from the negotiated agreement was used ($\underline{M}$ = 1278.58, S.D. = 169.94, Maximum = 2150.00, Minimum = 775.00); for satisfaction, a 7-item scale was used. Participants were asked: 1) How satisfied were you with the negotiation *process*? 2) How satisfied were you with the negotiation *outcome*? 3) How satisfied were you with the negotiation *in general*? (Where 1 = *very dissatisfied*, and 5 = *very satisfied*) 4) To what extent are you willing to interact with your partner again in the future? 5) To what extent do you think the relationship between you and your partner has been improved? 6) To what extent do you think you trust you partner more than you did before the negotiation? and 7) to what extent can you rely on your partner to keep the promise made during the negotiation (Where 1 = *to the least extent*, and 5 = *to the*

greatest extent) (Please refer to Appendix G). The reliability alpha for Satisfaction was

.91 ($\underline{M}$ = 3.91, S.D. = 0.80, Maximum = 5.00, Minimum = 1.00).

Table 4:   **Factor Analysis Result for Negotiation Behaviors**

Statement	COMPET	COLLAB	YIELD
I made great effort to get my way.	.856		
I tried hard to win my position.	.827		
I pressed to get my points made.	.768		
I was firm in pursuing my goals during the negotiation.	.723		
I usually told my partner my ideas and asked for his/hers.		.794	
I attempted to get all concerns and issues immediately out in the open for the negotiation.		.771	
I attempted to work through our difference in order to solve the problem.		.734	
I consistently sought my partner's help in working out a solution.		.594	
I tried hard not to hurt my partner's feelings.			.835
When my partner's position seemed very important to him/her, I would try to meet his/her wishes			.666
I tried hard to soothe my partner's feelings and to preserve our relationship.			.654
In approaching negotiation, I tried to be considerate of the other person's wishes.			.640
Factor Eigenvalue	**3.77**	**2.43**	**1.05**

CHAPTER 4: ANALYSIS AND RESULTS

Analytical Strategy

The research model and the hypotheses developed in the previous chapter were empirically validated by Structural Equation Modeling (SEM) using the EQS program (version 6.1 for Windows) (Bentler, 1995). SEM is an appropriate approach for this study because it estimates relative impacts of multiple predictors on multiple outcomes that are linked by more than two causal steps, controlling for measurement errors. In this study, each construct except individual profits represents a latent variable composed of two or more separate indicators. Moreover, testing the research hypotheses implies investigating the relationship between latent constructs that can both act as dependent and independent variables. Therefore, SEM is the most appropriate technique for assessing the proposed research model.

SEM is a widely used tool in academic research and there are two basic advantages of using SEM as opposed to more traditional analysis techniques (Bentler, 1995). First, it is able to represent interrelated latent concepts and to account for measurement error in the estimation process. Second, SEM allows estimating multiple and interrelated causal relationships simultaneously. For instance, in contrast to multiple regression analysis, SEM can assess several equations at once and these equations can be interrelated, implying that the dependent variable in one equation can simultaneously be an independent variable in one or more other equations. This allows modeling of complex causal relationships, which is not possible with any of the other multivariate techniques available.

Given that the Structural Equation Modeling approach has no single statistical test of significance for model fit (Bentler, 1995), several goodness-of-fit measures were used to assess the fit of the model. The chi-square (χ^2), the Bentler-Bonett Non-Normed Fit Index (NNFI), the Comparative Fit Index (CFI), and the Root Mean-Square Error of Approximation (RMSEA) were used as goodness-of-fit measures. Among these, NNFI and CFI should exceed 0.90 and a RMSEA should be 0.08 or below to be acceptable (Bentler, 1995).

SEM analysis involves two major steps: the measurement model assessment and the structural model assessment. There is no point in proceeding to the structural model until the measurement model is convinced to be valid. Kline (1998) has argued that SEM researchers should always test the pure measurement model underlying a full structural equation model first, and if the fit of the measurement model is found acceptable, then to proceed to the second step of testing the structural model by comparing its fit with that of different structural models (i.e., with alternative models generated by trimming or building). In this study, Kline's recommendation was followed and a two-step analysis was performed as follows.

Results

Table 5 presents means, standard deviations, and correlations for all dependent and independent variables of the current study. Because there have been mixed results on gender differences in negotiation outcomes in the negotiation literature (Kimmel et al., 1980) all negotiating dyads were same-sex in this study. Preliminary analysis revealed that there was no sex difference in either individual profits (F-value = .165, p = .69, not significant) or negotiator's satisfaction (F-value = .392, p = .53, not significant).

Table 5: Descriptive Statistics

Means, Standard Deviations, and Correlations among Variables

Variable	M	S. D.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1. Neuroticism (T1)	2.92	0.70	**.85**														
2. Extraversion (T1)	3.46	0.69	-.23***	**.86**													
3. Agreeableness (T1)	3.93	0.55	.03	.29***	**.78**												
4. Conscientiousness (T1)	3.35	0.64	-.21**	.08	.07	**.82**											
5. Openness (T1)	3.66	0.59	-.26***	.41***	.27***	.20**	**.80**										
6. Individualism (T1)	3.81	0.77	.13	-.03	-.12	-.12	-.12	**.79**									
7. LTO (T1)	3.38	0.46	.12	.08	.00	.07	.04	.01	**.60**								
8. Win-lose (T2)	2.32	0.65	.07	-.05	-.07	-.03	-.13	.30***	.04	**.61**							
9. Face-saving (T2)	4.01	0.79	-.08	.15*	.17*	.09	.17*	-.19**	.15*	-.20**	**.64**						
10. Trust (T2)	3.17	0.61	-.10	.00	.08	.05	-.02	-.15*	-.12	-.13	-.10	**.80**					
11. Competitive Behr. (T3)	3.69	0.67	-.14	.17*	.06	.10	.15*	-.02	.04	.05	.30***	-.01	**.81**				
12. Collaborative Behr. (T3)	3.64	0.68	.10	.14*	.13	.07	.09	.05	.11	.01	.07	.22***	.15*	**.77**			
13. Yielding Behr. (T3)	3.45	0.75	.13	-.01	.19**	.02	-.05	.11	.02	.07	-.05	.28***	.09	.57***	**.73**		
14. Individual Profits (T3)	1278.57	169.94	-.00	.00	-.06	.06	.02	.07	-.07	.10	-.02	-.02	.20**	-.02	-.10	-	
15. Satisfaction (T3)	3.91	0.80	-.13	.15*	.06	.17	.05*	.05	-.03	-.04	.03	.14*	.12	.35***	.25	-.04	**.91**

Note: T1 = Time 1; T2 = Time2; T3 = Time3. Numbers in bold along the diagonal are reliability coefficients (Cronbach Alphas).
$* p < 0.05$. $** p < 0.01$. $*** p < 0.001$

Measurement Model In the present data, fourteen scales were measured using 87 items, and an additional variable (individual profits) was obtained from the post-negotiation questionnaire. Overall, a full measurement model could be created from 88 data points (or items) that indicated 15 latent factors. Given the current sample size, however, it would not be desirable to build a full measurement model including all 88 indicators. Instead, as a generally accepted practice in SEM, the number of indicators per latent variable was limited to 2. Thus, when the measure included more than two items, a factor analysis of scale items was conducted using principal component analysis, specifying a two-factor solution (without this specification all measure items would produced one single factor) to obtain two subscales, each representing distinct within-scale variance. The individual profits measure would be a single indicator variable.

To estimate the measurement model with the latent factors as specified, covariance between each pair latent variables was allowed, that is, each latent variable with every other latent variable in the model. The statistical test of this measurement model is equivalent to a confirmatory factor analysis of all study variables. Because of the relatively large number of latent variables and the fact that data distribution was non-normalized, the Robust Maximum Likelihood (ME = ML, ROBUST) method was used for analysis. The output of the robust maximum likelihood provides a robust chi-square statistic and a corrected model fit index, which performed better when the normal distribution assumption was false (Bentler, 1995). The results showed this model fit the data well, χ^2 (272) = 308.27, p = .064; NNFI = .95; comparative fit index (CFI) = .97; RMSEA $_{[.000, .041]}$ = .027, and thus this measurement model was used in the testing of all the structure models discussed in this dissertation.

Structural Model The hypotheses suggested that negotiator cognitions mediated the impact of personality traits and cultural values on negotiation behaviors and further on negotiation outcomes. Using the aforementioned measurement model, a structural model was tested which incorporated every path based on all the hypotheses developed for this study. This structural model showed a good fit to the present data, $\chi 2$ (348) = 413.78; NNFI = .93; CFI = .94. Figure 4 displays this structural model and estimates of its parameters. The numbers along the path represent standardized path coefficients.

Although the proposed structural model fit the data well, the possibility still existed that other models might provide an equally good or better fit to the data. Accordingly, I identified and tested two sets of alternative structural models based on plausible alternative hypotheses. To facilitate the comparison of alternative models, Akaike Information Criterion (AIC) in addition to chi-square comparisons were used. The absolute value of AIC has little meaning because it is not a standardized index, the relative size of AIC provides valuable information for model comparison; for the two models from the same data set, the model with a smaller AIC is to be preferred. The values for each alternative model are reported in Table 6 and Table 7 along with change in chi-square as compared to the original model.

The first set of alternative models was created by adding a series of paths that represent the direct relationships in addition to the original hypothesized links (e.g., the relationship between personality traits and negotiation behaviors were added, in addition to the fully mediated effects of personality on negotiation behaviors by negotiator cognitions, as suggested in the hypotheses). Every other model specification including causal paths and covariance remained the same. Thus, if negotiator cognitions did not

FIGURE 4: The Structural Modeling Results
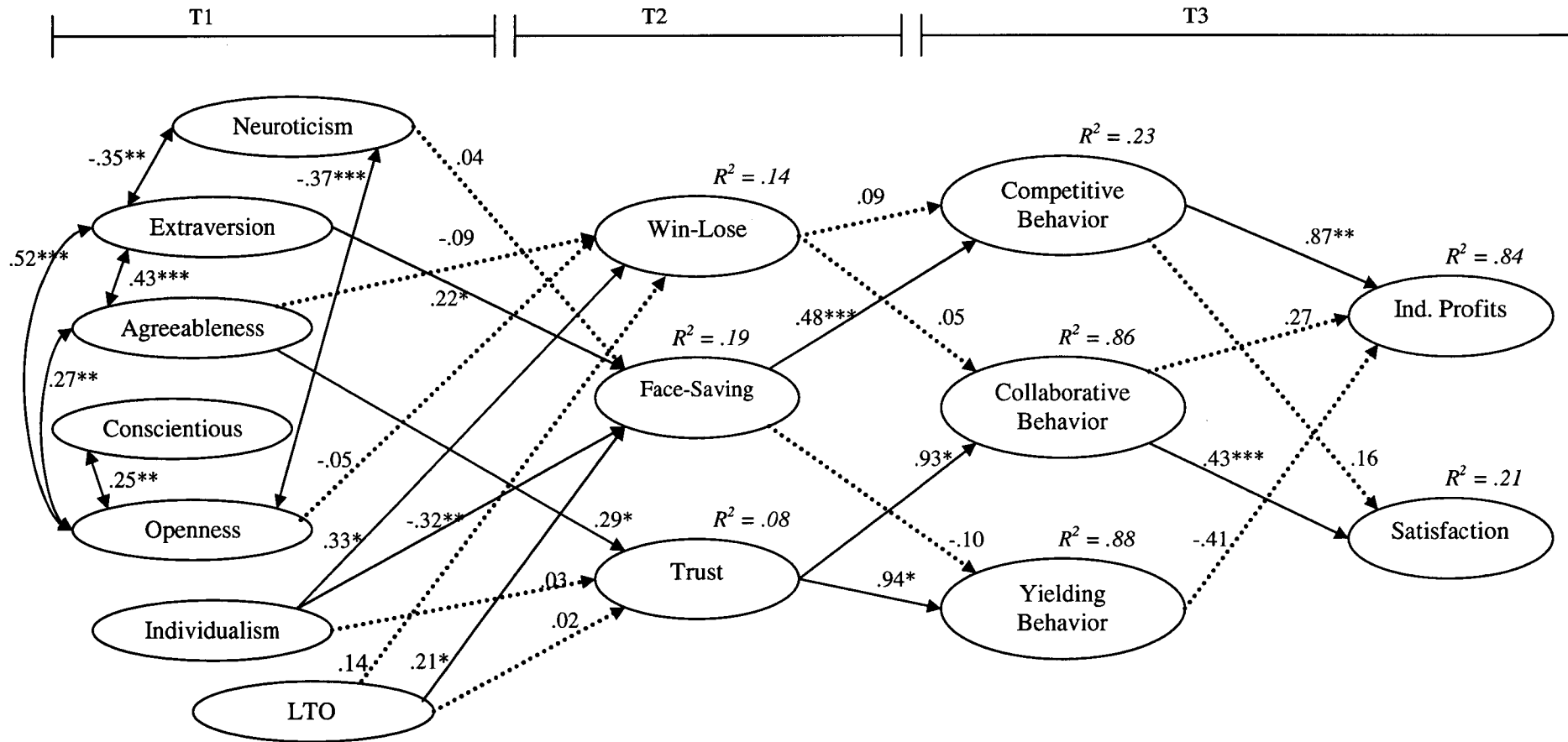
a.   T1 = Time 1 (about 2 weeks before negotiation); T2 = Time 2 (immediately before negotiation); T3 = Time 3 (immediately after negotiation).
b.   Thicker lines represent statistically significant results; dotted lines represent statistically non-significant results.
c.   * p<.05. **p<.01. ***p<.001.

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Table 6:   **Testing Alternative Models of the Structural Model – Part 1**

	AIC	χ^2	df	$\Delta\chi^2$	p
The Proposed Structural Model	-282.2	413.78	348		
Direct paths added between the following relationships with hypothesized links intact					
Model 1. Personality Traits & Negotiation Behaviors	-276.7	389.33	333	24.45	.06
Model 2. Personality Traits & Negotiation Outcomes	-272.9	403.10	338	10.68	.38
Model 3. Cultural Values & Negotiation Behaviors	-272.3	441.74	342	-37.96	n/a
Model 4. Cultural Values & Negotiation Outcomes	-276.8	411.18	344	2.60	.63
Model 5. Negotiator Cognitions & Negotiation Outcomes	-274.0	409.97	342	3.81	.70
Model 6. (Personality Traits + Cultural Values) & Negotiation Behaviors	-266.4	387.58	327	26.20	.20
Model 7. (Personality Traits + Cultural Values) & Negotiation Outcomes	-267.9	400.08	334	13.70	.47

Table 7:   **Testing Alternative Models of the Structural Model – Part 2**

			AIC	$\chi 2$	df	$\Delta\chi 2$	p
The Proposed Structural Model			-282.2	413.78	348		
Direct paths added and some hypothesized links removed							
Model 8.	Direct Paths between Personality Traits & Negotiation Behaviors	Added	-271.9	404.06	338	9.92	.45
	Hypothesized links between Personality traits & Cognitions	Removed					
Model 9.	Direct Paths between Personality Traits & Negotiation Outcomes	Added					
	Hypothesized links between Personality traits & Cognitions	Removed	-194.9	503.08	349	-89.30	n/a
	Hypothesized links between Cognitions & Negotiation Behaviors	Removed					
Model 10.	Direct Paths between Cultural Values & Negotiation Behaviors	Added	-190.4	505.63	348	-91.85	n/a
	Hypothesized links between Cultural Values & Cognitions	Removed					
Model 11.	Direct Paths between Cultural Values & Negotiation Outcomes	Added					
	Hypothesized links between Cultural Values & Cognitions	Removed	-191.1	520.88	356	-107.10	n/a
	Hypothesized links between Cognitions & Negotiation Behaviors	Removed					
Model 12.	Direct Paths between Negotiator Cognitions & Outcomes	Added	-225.6	470.43	348	-56.65	n/a
	Hypothesized links between Negotiator Cognitions & Behaviors	Removed					
Model 13.	Direct paths between (Personality + Culture) & Behaviors	Added	-160.1	515.90	338	-102.12	n/a
	Hypothesized links between (Personality + Culture) & Cognitions	Removed					
Model 14.	Direct Paths between (Personality + Culture) & Outcomes	Added					
	Hypothesized links between (Personality + Culture) & Cognitions	Removed	-210.1	491.89	351	-78.12	n/a
	Hypothesized links between Negotiator Cognitions & Behaviors	Removed					

fully mediate the relationship between personality and negotiation behaviors, adding direct paths should improve the goodness of model fit significantly. As can be seen from Table 6, in all seven alternative models tested, the AIC values were higher than original model and none of the chi-square changes were significant, therefore, the original model was better.

Similar to the first set of alternative models, the second set of alternative models were formed by putting direct paths between two variables that were not directly linked in the initial model, but the originally hypothesized links were removed from the model (see Table 7). For instance, direct paths were added between personality traits and negotiation behaviors, at the same time *the causal relationships between personality and negotiator cognitions as proposed in hypotheses were removed*. Again every other model specification remained the same. This way, if negotiator cognitions did not mediate the impact of personality on negotiation behaviors, the goodness of model fit should be improved significantly. Table 7 showed that no AIC value from the alternative models was smaller than the original model and no chi-square change was significant (see Table 7). These two comparisons clearly demonstrated that the present model performed better than the other two sets of alternative models, and therefore it was used as the basis for hypotheses testing and discussions.

Hypotheses Testing

Overall, the SEM results summarized in Figure 4 support the hypotheses (see Table 8). Extraversion directly affected face-saving and agreeableness influenced trust (Hypothesis 2 and Hypothesis 3b were supported; $\beta = .22$, $p < .05$ and $\beta = .29$, $p < .05$,

Table 8: Summary of Hypothesis Testing

Hypothesis	Supported (Y/N)
H1: Negotiators high in neuroticism will be more likely to focus on face-saving.	N
H2: Negotiators high in extraversion will be more likely to focus on face-saving.	Y
H3a: Negotiators high in agreeableness will be more likely to perceive negotiation as a win-lose process.	N
H3b: Negotiators high in agreeableness will have high trust towards the other negotiators.	Y
H4: Conscientiousness will not be related to win-lose orientation, face-saving or trust.	Y
H5: Negotiators high in openness to experience will be less likely to have a win-lose orientation.	Y (marginally)
H6a: Individualistic negotiators will be more likely to have a win-lose orientation.	Y
H6b: Individualistic negotiators will be less likely to focus on face-saving.	Y
H6c: Individualistic negotiators will be less likely to trust their partners.	N
H7a: Long-term oriented negotiators are less likely to perceive negotiation as a win-lose process.	N
H7b: Long-term oriented negotiators are more likely to focus on face-saving.	Y
H7c: Long-term oriented negotiators are more likely to trust the other negotiators.	N
H8a: The win-lose orientation will lead to more competitive behavior.	N
H8b: The win-lose orientation will lead to less collaborative behavior.	N
H9a: Face-saving will lead to more competitive behavior.	Y
H9b: Face-saving will lead to less yielding behavior.	N
H10a: Trust will lead to more collaborative behavior.	Y
H10b: Trust will lead to more yielding behavior.	Y
H11a: Competitive behavior will lead to high individual profits.	Y
H11b: Competitive behavior will lead to high satisfaction.	N
H12a: Collaborative behavior will lead to high individual profits.	N
H12b: Collaborative behavior will lead to high satisfaction.	Y
H13: Yielding behavior will lead to low individual profits.	Y (marginally)
H14a: Negotiator cognitions will mediate the effects of personality and culture on negotiation behaviors	Y
H14b: Negotiation behaviors will mediate the effects of negotiator cognitions on negotiation outcomes.	Y

respectively), which implied that extraverted people are more likely to focus on face-saving during negotiation and agreeable individuals are more trusting of others, consistent with the dispositional features of agreeableness. Contrary to Hypothesis 1 that predicted that neuroticism would lead to high need for face-saving, the data were not in support of this hypothesis. Hypothesis 3a predicted that agreeableness would lead to high win-lose orientation since agreeable people are more likely to yield to other's requests, but such a prediction was not supported in this study. Conscientiousness was found not related to negotiator cognitions, as other studies have validated (Barry & Friedman, 1998), which supported Hypothesis 4. Hypothesis 5 predicted open-minded negotiators would be more likely to have a win-win orientation, and therefore should be negatively related to win-lose orientation. Although the statistical significance level failed to fulfill the conventional criterion of .05 (β = .05, p < .15), the relationship between openness and the win-lose orientation was in the right direction (Hypothesis 5 marginally supported).

In general, the relationships between cultural values and negotiator cognitions were also supported. Individualism was found to lead to a win-lose orientation, which supported Hypothesis 6a (β = .33, p < .05), and individualists were less likely to have a strong need for face-saving (Hypothesis 6b was supported; β = -.32, p < .01), but the proposed negative relationship between individualism and trust was not supported by the data (Hypothesis 6c not supported). Long-term orientation was found to have a strong positive relationship with face-saving, which supported Hypothesis 7b (β = .21, p < .05), but not with win-lose or trust (not in support of Hypothesis 7a and 7c).

The relationships between negotiator cognitions and negotiation behaviors were mostly supported in this study. The win-lose orientation, although predicted by

individualism, was not found related to any type behavior investigated in this study, either competitive behavior, collaborative behavior, or yielding behavior (Hypothesis 8a and 8b were not supported). As predicted, face-saving directly influenced competitive negotiation behavior and trust directly affected collaborative and yielding negotiation behaviors, respectively (Hypothesis 9a, Hypothesis 10a, and Hypothesis 10b were supported). The proposed negative relationship between face-saving and yielding behavior was not supported by the data, which was not in support of Hypothesis 9b.

There was no surprise that competitive behavior was found to lead to higher individual profits (β = .87, p < .01), which supported Hypothesis 11a, but the results showed no relationship between competitive behavior and negotiator's satisfaction (Hypothesis 11b was not supported). Collaborative behavior was not found significantly related to individual profits (Hypothesis 12a was not supported), but it significantly affected negotiator's satisfaction (β = .43, p < .001), as predicted by Hypothesis 12b. Yielding behavior was predicted to lead to low individual profits in Hypothesis 13, and the data were in marginal support of this prediction (β = -.41, p < .10). Finally, Hypothesis 14a predicted that negotiator cognitions would mediate the relationship between personality, culture and negotiation behaviors. Hypothesis 14b predicted negotiation behaviors would mediate the relationship between negotiator cognitions and negotiation outcomes. As shown in Table 6 on the testing of alternative models that ran against these predictions, the results from this study supported both hypotheses and the mediated relationships were empirically validated in this study.

Discussion

This study explored the effects of personality and culture on negotiator cognitions and the effects of negotiation cognitions on negotiation behaviors and outcomes, as well as the mediating impact of negotiation cognitions on the relationship between individual characteristics and negotiation behaviors and outcomes. Because individuals exhibit a great deal of consistency across situations it is reasonable and justified that individual characteristics influence negotiation, but the contradictory findings in the negotiation literature on individual differences and negotiation have created confusion. This study identified a set of negotiator cognitions that explained a plausible mechanism through which personality traits and cultural values influenced negotiation behaviors and negotiation outcomes. The analysis of a laboratory experiment using student subjects in a simulated negotiation exercise showed that negotiator cognitions completely mediated the relationship between personality and culture and negotiation behaviors. The analysis also showed that negotiation behaviors completely mediated the relationship between negotiator cognitions and negotiation outcomes. The conclusion drawn from the analysis is that the predicted relationships are generally supported.

Personality and Negotiator Cognitions The findings concerning the relationship between personality and negotiator cognitions were consistent with the predictions regarding the mental model proposed in Chapter One. First, extraverted negotiators are more likely to perceive negotiation as a social interaction process and thus the image or the strength they want to project to other negotiators are important. This finding may reflect a universal conception that, among other personality traits, extraversion is more subject to the need to save face because of its preference for social interaction and

therefore extraverted negotiators are more likely to react aggressively to unjustified reductions in negotiation outcomes and more likely to retaliate for the damage to their image in the public view. This finding indicates negotiators should be alert for signs of strong face-saving need from extraverted negotiators and should show mutual concern and give enough respect to their counterparts when negotiating with extraverted people.

Second, agreeableness, not surprisingly, does influence negotiator's trust towards their counterparts. Agreeable negotiators are more likely to trust others, an important premise for integrative negotiation. With high trust, people will exchange more often with more accurate information, which facilitates the communication process, essential for smooth and successful negotiation. In addition, negotiation research has found information exchange is abandoned when their partners fail to reciprocate or show concerns for the trusting negotiators themselves (E.g., Drake, 2001). The result from this study may suggest an integrative strategy for negotiating with agreeable negotiators: reciprocate the trust.

The impact of neuroticism on face-saving is not supported in this study. The positive but non-significant relationship between neuroticism and face-saving might suggest other personality traits, such as extraversion (as predicted and supported in Hypothesis 2), are more prominent in affecting the need to save face in the negotiation process. Therefore, neuroticism as a predictor of negotiator cognitions is yet to be further examined. The relationship between agreeableness and win-lose orientation is not supported either, which also deserves further exploration.

<u>Culture and Negotiator Cognitions</u> Cultural values have import effects on negotiation cognitions. This gains empirical support in this study. Individualism leads to

a win-lose perception towards negotiation, and individualists are less concerned with face-saving, which are consistent with previous research (e. g., Hofstede, 2001; Lituchy, 1997). In fact, individualism/collectivism, as the most studied cultural dimension in the negotiation literature, has been assumed to affect negotiation behaviors but the literature failed to provide a plausible mechanism through which negotiation behaviors are affected. The findings from this study fill this gap by supporting the mediating role of negotiator cognitions in this process. Specifically, individualism affects negotiator's perception over the negotiation's integrative potential and affects people's need to save face in the negotiation process. These cognitions then influence negotiation behaviors.

Long-term orientation vs. short-term orientation as another cultural dimension also influences negotiator cognitions, but is focused on face-saving need. Face has been defined as the positive value that individuals attach to their situated identities (Goffman, 1967). This positive value attached to their identities is important to long-term oriented people who usually require a positive image for long-term interaction with others. Once the positive image is destroyed or face is lost, there is no way not harming the interpersonal relationship and thus interpersonal harmony can no longer exist. This result reveals the importance of face-saving for negotiating the long-term relationship.

The relationships between cultural values and trust are not supported in this study, that is, long-term oriented collectivists are not more likely to trust others than short-term oriented individualist. One possible explanation comes from the way individualists and collectivists treat people of in-groups (the groups people belong to, such as family, company, etc.) and people of out-groups (the groups people do not belong to, such as other family, other company, foreigners, etc.). Collectivists treat people of in-groups

dramatically different from they do to people of out-groups while individualists treat people of both in-groups and out-groups in relatively similar manners (Triandis, 1995). As a result, the relationship between culture and trust will be affected by individual negotiators' group membership (Lituchy 1997), which could be an interesting topic for further exploration.

A simple comparison of the impact of personality with the impact of culture in this study shows that personality and culture have equivalent but distinct effects on negotiation cognitions: Personality traits affect face-saving and trust while cultural values (including individualism/collectivism and long-term orientation) affect face-saving and win-lose orientation. In other words, personality and culture both determine face-saving but personality further predicts trust while culture predicts win-lose orientation. Even though the culturally determined win-lose orientation is more related to the compatibility of two sides' individual interests and disposition based trust is more associated with the social relationship, both personality and culture are essential in determining negotiator cognitions. This result implies that future studies examining the determinants of negotiator cognitions should take into account both personality and culture in order to have a full understanding of the negotiation process.

<u>Negotiator Cognitions and Negotiation Behaviors</u> As hypothesized, the behaviors used by negotiators are affected by negotiator cognitions. Strong face-saving will lead to more competitive behaviors, and a high level of trust will predict more collaborative behaviors and more yielding behaviors in negotiation. This result explains why negotiators might behave differently in similar negotiations. With different perceptions, negotiators may perceive a strong need to save face and consequently use more

competitive behavior; if negotiators believe their partners are trustworthy, then they are more willing to collaborate with their counterparts or even yield to their counterparts' positions. Moreover, the mediating impact by negotiator cognitions provides an answer to one of the questions that have been bothering negotiation researchers: how come they have difficulty finding the direct impact of individual characteristics on negotiation behaviors and outcomes. Part of the answer lies in the fact that there are mediating factors that have been largely ignored in previous studies.

It is interesting to notice that win-lose orientation is not related to any type of negotiation behaviors examined in this study, contrary to the prediction. The reason for not relating to collaborative behavior is not very difficult to guess, since the win-lose orientation leads to fight and to win the battle and therefore it is probably not related to collaboration. The non-significant relationship between win-lose and competitive behavior is more difficult to understand. One possible reason is the relatively weak measurement for win-lose orientation. As seen in Table 5, the reliability alpha for win-lose orientation was .61, just above the borderline, and the scale items might not explicitly tap into the motivational orientation to win at the expense of the counterpart. Therefore, the relationship between win-lose and competitive behavior merits more efforts and future studies should be done to investigate why win-lose is not related to competitive behavior.

Negotiation Behavior and Outcomes The relationships between negotiation behaviors and outcomes are relatively straightforward. Competitive behavior leads to high individual profits and collaborative behavior leads to high satisfaction with negotiation. Contrary to the prediction, competitive behavior was not significantly related

to satisfaction, which might be for the following reason: because of reciprocity or tit-for-tat practice in negotiation, competitive behavior probably leads to counter attacks—competition from the opponents. As a result, on the one hand, competitive negotiators are supposed to be satisfied since their own interests are defended and the battles are being won. On the other hand, the competitive behaviors from the opponents will annoy or anger the focal negotiators and create plenty of stress and negative feelings, and therefore lead to less satisfaction. The overall effect might be a non-significant relationship between competitive behavior and satisfaction.

While the relationship between yielding behavior and individual profits is marginally supported, the one between collaborative behavior and individual profits is not supported at all, which indicates collaboration alone might not lead to higher individual profits. In other words, even though working collaboratively for a creative solution so as to expand the pie will lead to high satisfaction (as predicted in Hypothesis 12b), this value-adding process (or value creation) does not guarantee that individual negotiators will get a larger share from the final expanded profits. Future research should closely examine the impact of collaboration on individual profits.

Limitations

The objective of this study was to develop and test a model of personality and culture's impact on negotiator cognitions, negotiation behaviors, and outcomes. The results provide important insights on negotiation studies. However, this study has its limitations and caution should be exercised in generalizing the results to other settings.

The first concern is related to the student sample used in this study. As with many

other laboratory studies, student subjects are used. Since the student sample may be different from the general population and the professional experts, the performance of experienced negotiators as opposed to college students enacting a negotiation role-play may differ. This limits the generalization of the results. That being said, because student negotiators are less experienced, they are less subject to the influence of for instance work experience, which makes the effects of personality and culture more salient and therefore easy to capture during the study. Another issue related to sample is that subjects were recruited from Canadian universities. Although the culturally diversified Canadian population makes it possible that the sample used are not abnormally distributed in culture values (in other words, not enough variance in culture values), which is reflected in the data statistics: For Individualism/Collectivism, the skewness statistic is -.623, Std. Error is .166, kurtosis statistic is .698, Std. Error is .330; for Long-term orientation vs. Short-term orientation, the skewness statistic is -.009, Std. Error is .165, kurtosis statistic is .281 and Std. Error is .328 (all are within acceptable level). Future studies should use both Canadian sample and samples from other countries to validate the results.

The second concern is with the simplified negotiation exercise. Although efforts were made to simulate a "real" negotiation, the subjects were working in a laboratory setting, which is simpler than real negotiations, while real world negotiators must manage a delicate web of interrelations with others, such as constituents, opponents, opponent's constituents, the media, and interested third parties and therefore a real negotiator's focus is much more expanded. However, as with many other psychological and educational studies, where real world events are difficult or impossible to access, this is the only way to do experimental research and it is a useful method that can supply much information of

value in all kinds of decision-making. Future studies should adopt more diversified samples and more realistic, if not real, negotiation situations.

A third concern is about the number of simulations used in this study. A single negotiation simulation was used for testing the hypotheses developed in this dissertation. As it has been argued, individual characteristics, including personality and culture, will exhibit a consistent pattern across situations. Precisely because of this, the true impact of personality and culture will be better captured in multiple-exercise simulations. Using one single exercise also limits the generalization of the results in this study. Although the majority laboratory research is doing the same thing, i.e., using single exercise for laboratory studies, it is encouraged that more exercises should be adopted in future studies.

In this chapter, analytical strategy and results of the laboratory study on the impact of personality and culture on negotiation cognitions and further on negotiation behaviors and outcomes were presented. In the next chapter, implications of this research and suggestions for future research will be provided.

CHAPTER 5: CONCLUSIONS

In this study, I reviewed the progress in negotiation research over the past decades. After discussing the major topics of contemporary research on negotiation and the emerging body of research on negotiator cognitions, I proposed a mental model of negotiation by incorporating the studies of culture, personality, and social cognition into the exploration of negotiation process. A laboratory experiment was then designed to validate the proposed model. The model tested in this study was intended to improve our understanding of how personality and culture influence the cognitions, behaviors, and outcomes in negotiation. More specifically, this study examined negotiator's personality traits and culture values and negotiator cognitions, and tested their effects on negotiation behaviors and outcomes. The mediating impact of cognitions were also explored and supported in this study.

The findings from this study show that extraverted negotiators have a strong need to save face while agreeable negotiators tend to trust their opponents. Long-term oriented negotiators also have a strong need to save face. On the contrary, individualist negotiators have less concern for face-saving, but are more likely to perceive the negotiation as a win-lose process. With respect to negotiation behaviors, face-saving leads to more competitive behavior in negotiation while trust increases both collaborative behavior and yielding behaviors. Further, competitive behavior predicts high individual profits but collaborative behavior produces high satisfaction.

Implications

Despite the limitations discussed in previous chapter, this study makes substantial

contributions to the scholarship in negotiation. It has suggested empirically more promising and theoretically better integrated answers to the traditional questions of what determines negotiation process. The contributions of this study are twofold: the theoretical contribution and the practical contribution.

From a theoretical perspective, this study provides an integrative model for studying the relationship between personalities, culture, negotiator cognitions, negotiation behaviors, and negotiation outcomes. For years, negotiation researchers have been examining negotiation process from different perspectives. Some are examining the direct impact of individual differences on negotiation outcomes (e.g., Barry & Friedman, 1998), some are testing culture and negotiation styles (e.g., Tinsley, 1995), and others are investigating what impact culture has on negotiator cognitions (e.g., Gelfand et al., 2001). Few studies have tried to integrate the enormous research on negotiation. As a result, confusing and sometimes contradictory findings have been obtained and negotiation research remains fragmented. It also sends conflicting information to negotiation practitioners and makes negotiation knowledge less actionable. For example, research on the relationship between individual differences and negotiation outcomes is so inconsistent that people conclude there are no meaningful findings from the individual approach, which we know is not correct since individuals exhibit consistency across contexts (and that is why we use personality to refer to people) and there is no reason why this dispositional character loses its predicting power in negotiation area. What is missing here is an integrated approach to investigate this phenomenon and to capture the true impact of personality.

By incorporating social cognition theory into the negotiation studies, this

dissertation proposes and empirically tests the mediating effects of negotiator cognitions in the negotiation process, and therefore offers a meaningful answer to, if not completely solves, the problem of why personality is not found to affect negotiation. This study represents new effort in the exploration of negotiation phenomenon. For the first time, negotiator cognitions are introduced to the study of individual differences in negotiation, which provides a new approach to integrate different negotiation research. With this framework, many of those traditional negotiation studies can be re-examined from a new perspective and often confusing findings might be able to be explained. Guided by this framework, negotiation studies could be advanced towards the individual-centered cognitive analysis and therefore more able to give meaningful and justified suggestions to negotiation practitioners. In this respect, this study is able to bring forward a new wave of interests in negotiation studies and its potential impact on negotiation research is promising.

Moreover, this study begins the investigation of what factors determine negotiator cognitions and thus supplements the cognitive studies of negotiation. While there is no lack of studies on negotiator cognitions, the focus of such studies is still on how these cognitions affect negotiation process instead of examining what influences negotiator cognitions, with a few notable exceptions (e.g., Jaeger et al., 1999; Lituchy, 1997). The proposed framework fills this gap by linking individual differences, cognitions, and the negotiation process together and therefore paints the first, though still preliminary, complete picture of the cognitive decision-making process of dyadic negotiation.

This study also contributes to the research on culture and negotiation. Many cultural studies are investigating culture at societal level and trying to examine the impact

of national culture on negotiation. While this method provides good suggestions to both negotiation researchers and practitioners, it fails to realize that individuals are different, even if they are from the same cultural background. Both personality and culture have to be considered when studying individual behavior. In their recent work on personality and culture, Hofstede and McCrae (2004) stated that personality traits are biologically based dispositions that characterize members of the human species and therefore personality traits appear to transcend culture. From this perceptive, studying culture and personality is no longer a matter of documenting how culture shapes personality, but a task to explore how personality traits and culture interact to jointly shape the behavior of individuals. Because of the differences in personality traits and in cultural backgrounds, people have striking different perceptions of self, of the other, and of the interdependence of the two. Consistent with this perspective, this study examines both personality traits and culture, i.e., culture's manifestation at the individual level as Earley (1993) and Wagner (1995) have done, and therefore are more able to accurately describe negotiator's cognitive representations in order to give prescriptive advice.

From the practical perspective, understanding that culture differences and personality traits contribute to the reasons why people negotiate differently moves an important step towards better understanding of negotiation process and may lead to more integrative negotiations in future. This can be accomplished by (1) selecting the right negotiators, (2) training the negotiators, or (3) helping negotiators reframe the negotiation (adjust their perceptions). The results of this study suggest negotiator's personality traits and cultural values determine negotiator cognitions, and therefore provide guidelines on the selection and training of professional negotiators. For instance, depending on

different negotiation tasks, extraverted or agreeable negotiators can be selected either for their strong need to save face and thus will behave competitively or for their tendency to trust others and thus will be more collaborative. Similarly, individualist people or long-term oriented individuals can also be chosen for different negotiation tasks because of their tendency to perceive negotiation differently.

Social cognition theory has shown that beliefs, attitudes, and cognitions influence an individual's interpretations of reality such that they interpret it in ways consistent with those prior beliefs and perceptions. Even when faced with evidence that should disconfirm their prior beliefs, individuals are able to devise causal explanations for that evidence that allows the prior beliefs to remain intact. As a result, in the context of negotiation, negotiator cognitions have an important impact on negotiator's behaviors. To help negotiation professionals improve their negotiation skills, negotiation training seminars and workshops can be focused on how to help professional negotiators adjust their own cognitions and how to understand their counterparts' perceptions about the same negotiation. For example, the fixed-sum assumption has been one of the barriers to integrative negotiation (Thompson, 1990). With proper training and analogical reasoning, negotiator cognitions can be adjusted to be less win-lose oriented (Loewenstein et al., 1999); consequently, negotiators are more likely to behave integratively, and more likely to reach integrative outcomes. With an understanding that distinct personality traits and cultural backgrounds can make the other parties perceive the same negotiation quite differently, negotiation can also be made easier, and integrative negotiations are more likely to occur.

Future Studies

In addition to replication of this study using different samples and in different contexts, there are other issues that should be explored in future studies. The first one is a need for theory innovation. As discussed in other chapters, negotiation research remains largely fragmented and it seems negotiation scholars are too focused on trees, they forget the forest, though I am not suggesting that their studies are incompatible with the goal of developing a comprehensive theory. A more unified theory will help studies from different perspectives better express their full potential. Therefore, an integrated and comprehensive framework that serves to organize the large literature on negotiation is greatly needed. This study takes the first step towards this direction by having incorporated social cognition theory into negotiation studies and trying to explain discrepancies in negotiation research. Future studies should attempt other possible theoretical framework that can integrate different approaches, including personality, culture, and cognitive process. Such a theory should also be accessible to objective analysis, i.e., it should provide a way of measuring its concepts and deriving implications and testable predictions. The temptation facing theoreticians is to develop conceptual frameworks that encompass all the features and characteristics of negotiation and apply to several levels of analysis. However, as Thompson (1990) has argued, the most powerful theory of negotiation will begin at the level of individual negotiator, because this view is most consistent with information-processing principles, which is the basis of the cognitive approach.

A widely held view is that negotiation professionals, that is, those who negotiate for a living, should be better negotiators than are novices, and research partially supports

this view (Neale & Northcraft, 1986). Therefore, the second issue to be addressed in future studies is to use professional negotiators and real negotiation situations to examine the relationship between personality, culture, and cognitions, as well as the impact of cognitions on negotiation behaviors and outcomes. Difficult as it may be, results from such studies will greatly contribute to negotiation scholarship. Using samples from other cultural backgrounds will also increase the external validity of similar studies.

A third potential topic for future studies is the effect of personality traits and culture on average outcomes across different situations. Examining average outcomes across different scenarios will allow measurement and other errors to cancel each other out and to increase the probability that true individual differences will be found. As many negotiations take place not as isolated interactions but as part of a continuous process, future research needs to test a number of different situations to investigate the average impact of individual differences. If the effect of personality traits and cultural values is found consistently across all situations, negotiation scholars and negotiation research will be in a better position.

Appendix A   Negotiation Exercise

Instruction for Sellers

Imagine that you work as a sales representative for the small appliance division of **Samsung Canada**. You have worked at Samsung for the past 2 years. As part of your job, you negotiate with large retail and wholesale stores concerning how much they will pay for your products. Now, you have a new task: You will be negotiating with a representative from **Future Shop**, the retail chain located across Canada. You will be negotiating about prices for three appliances: big-screen TV sets, digital camcorder, and laptop computers.

Attached to these instructions you will find your profit sheet. This sheet lists nine (9) different prices (marked "A" through "I") at which you could sell each of the three appliances. Next to each price is listed the profit (in dollar amounts) associated with that price. For each appliance "A" is the most expensive price while "I" is the least expensive price. As you can see, you earn greater profits for SAMSUNG if you can convince your counterpart to pay a higher price for each appliance. Consider the first item, big-screen TV sets (see column 1). If you can convince Future Shop to pay price "B" then your own company earns $875 on every TV you sell. If you and your counterpart settle at price "I", then your company would be selling big-screen TV sets at cost and earn $0 profit per TV set.

REMEMBER, <u>PRICES</u> ARE LISTED AS LETTERS, SUCH AS "A", "C", OR "F". <u>YOUR PROFITS</u> ARE LISTED IN DOLLAR AMOUNTS, SUCH AS "$800", "$600", OR "$400".

Your counter part from Future Shop also has a profit sheet that lists the same three appliances (big-screen TV sets, digital camcorder, and laptop computers) as well as the same nine prices ("A" through "I") for each appliance. However, **your counterpart does not know how much profit you receive from each price. Similarly, you don't know how much profit your counterpart receives for each price.**

At the end of the negotiation, your own TOTAL PROFIT is determined by your settlement on all three appliances. For example, if you and your counterpart agree on price "E" for big-screen TV sets ($500), price G for digital camcorder ($200), and price "B" for laptop computers ($525), then your TOTAL PROFIT is $500 + $200 + $525 = $1225. As you can see from your profit sheet, the most profitable settlement for SAMSUNG is price "A", price "A", and price "A" for all three appliances, in which case your total profits is $1000 + $800 + $600 = $2400. The least profitable settlement for SAMSUNG is price "I", price "I", and price "I" for all three appliances, in which case your TOTAL PROFIT is $0.

Your supervisor tells you that your company and Future Shop have sued each other several times with respect to issues such as Product Warranty and After-Sale Services, with each accusing the other side of not fulfilling the due obligations. As a result, Future

Shop has stopped selling any SAMSUNG appliances. Bitter feeling still exists toward each other both in your company and in Future Shop. Renewed business contact with Future Shop has just begun with the assistance from a third party.

After talking with your supervisor at SAMSUNG, you believe that IT IS CRITICAL THAT YOUR TOTAL PROFITS AT THE END OF THE NEGOTIATION BE AT LEAST $1200. Although you wish to achieve a profit, you also have incentive to reach an agreement with your counterpart from Future Shop. Future Shops are located throughout Canada, and thousands of customers shop daily in each store. Since Future Shop currently does not sell SAMSUNG appliances, SAMSUNG has an opportunity to increase the overall volumes of sales by having its appliances sold at Future Shop. Therefore, you desire to reach an agreement with your counterpart about the three appliances, if the total profits for your company are high enough. Otherwise, your company may have to search for and negotiate with other less respected chain stores in order to increase the overall volumes of sales of these products.

You have 30 minutes to negotiate an agreement. You should start by making an opening offer about the price of one or more appliances (e.g., "How about price "D" for big-screen TV's?"). Then you can approach the task in any fashion that you choose.

YOU MAY SHARE ANY INFORMATION YOU SEE AS APPROPRIATE WITH YOUR COUNTERPART, BUT
<u>YOU MAY NOT EXCHANGE THE WORK SHEETS</u>

Any questions before we start?

Instruction for Buyers

Imagine that you work as a purchasing agent for **Future Shop**, the retail chain located across Canada. You have worked at **Future Shop** for the past 2 years. As part of your job, you negotiate with manufacturers of small appliances concerning how much your stores will pay for their products. Now, you have a new task: You will be negotiating with a representative from **Samsung Canada.** You will be negotiating about prices for three appliances: big-screen TV sets, digital camcorder, and laptop computers.

Attached to these instructions you will find your profit sheet. This sheet lists nine (9) different prices (marked "A" through "I") at which you could buy each of the three appliances. Next to each price is listed the profit (in dollar amounts) associated with that price. As you can see, you earn greater profits for Future Shop if you can convince your counterpart to sell each appliance for a lower price. Consider the last item, Laptop computers (see column 3). If you can convince SAMSUNG to sell for price "I", then your company will earn $1000 profit on every computer. If you and your counterpart settle on price "F", then Future Shop earns $625 per computer you sell. If you and your counterpart settle on price "A", then your company would be buying computers at full price and earn $0 profit per computer.

REMEMBER, <u>PRICES</u> ARE LISTED AS LETTERS, SUCH AS "A", "C", OR "F". <u>YOUR PROFITS</u> ARE LISTED IN DOLLAR AMOUNTS, SUCH AS "$800", "$600", OR "$400".

Your counterpart from SAMSUNG also has a profit sheet which lists the same three appliances (Big-screen TV sets, digital camcorder, and laptop computers) as well as same nine prices ("A" through "I") for each appliance. **However, your counterpart does not know how much profit you receive for each price. Similarly, you don't know how much profit your counterpart receives for each price.**

At the end of the negotiation, your own TOTAL PROFIT is determined by your settlement on all three appliances. For example, if you and your counterpart agree on price "E" for big-screen TV sets ($300), price "B" for digital camcorder ($100), and price "G" for laptop computers ($750), then your total profit would be $300 + $100 + $750 = $1150. As you can see from your profit sheet, the most profitable settlement for Future Hop is price "I", prince "I", and price "I" for all three appliances, in which case your total profit is $600 + $800 + $1000 = $2400. The least profitable settlement for Future Shop is price "A", price "A", and price "A" for all three appliances, in which case your total profits are $0.

Your supervisor tells you that your company and SAMSUNG have sued each other several times with respect to issues such as Product Warranty and After-Sale Services, with each accusing the other side of not fulfilling the due obligations. As a result, your company has stopped selling any SAMSUNG appliances. Bitter feeling still exists toward each other both in your company and in SAMSUNG. Renewed business contact with SAMSUNG has just begun with the assistance from a third party.

After talking with your supervisor at Future Shop, your believe that IT IS CRITICAL THAT YOUR TOTAL PROFITS AT THE END OF THE NEGOTIATION BE AT

LEAST $1200. Although you wish to make a profit, you also have incentives to reach an agreement with your counterpart from SAMSUNG. SAMSUNG is a respected manufacturer of small appliances because they make quality products. Since Future Shop currently does not sell SAMSUNG appliances, now Future Shop has an opportunity to increase the overall volumes of sales by offering customers appliances made by SAMSUNG. Therefore, you desire to reach an agreement with your counterpart about the three appliances, if the total profits for your company are high enough. Otherwise, you may have to search for and negotiate with other less respected manufacturers in order to increase the categories of products your company can provide to customers.

You have 30 minutes to negotiate an agreement. You should start by making an opening offer about the price of one or more appliances (e.g., "How about price "F" for big-screen TVs?"). Then you can approach the task in any fashion that you choose.

YOU MAY SHARE ANY INFORMATION YOU SEE AS APPROPRIATE WITH YOUR COUNTERPART, BUT
YOU MAY NOT EXCHANGE THE WORK SHEETS

Any questions before we start?

Appendix B   Profit Schedules

SELLER (Samsung Canada)

Big-Screen TV		*Digital Camcorder*		*Laptop Computer*	
Price	Profit	Price	Profit	Price	Profit
A	$1000	A	$ 800	A	$ 600
B	$ 875	B	$ 700	B	$ 525
C	$ 750	C	$ 600	C	$ 450
D	$ 625	D	$ 500	D	$ 375
E	$ 500	E	$ 400	E	$ 300
F	$ 375	F	$ 300	F	$ 225
G	$ 250	G	$ 200	G	$ 150
H	$ 125	H	$ 100	H	$ 75
I	$ 0	I	$ 0	I	$ 0

BUYER (Future Shop)

Big-Screen TV		*Digital Camcorder*		*Laptop Computer*	
Price	Profit	Price	Profit	Price	Profit
A	$ 0	A	$ 0	A	$ 0
B	$ 75	B	$ 100	B	$ 125
C	$ 150	C	$ 200	C	$ 250
D	$ 225	D	$ 300	D	$ 375
E	$ 300	E	$ 400	E	$ 500
F	$ 375	F	$ 500	F	$ 625
G	$ 450	G	$ 600	G	$ 750
H	$ 525	H	$ 700	H	$ 875
I	$ 600	I	$ 800	I	$ 1000

Appendix C   Personality Assessment Questionnaire

INSTRUCTIONS

The following phrases describe people's behavior. Please use the rating scale below to indicate *how accurately each statement describes you*. Describe yourself as you are now, not as you wish to be in the future. Please read each statement carefully, and then circle the number that best represents your opinion.

		Very Inaccurate				**Very Accurate**
1. I am the life of the party		1	2	3	4	5
2. I feel little concern for others ®		1	2	3	4	5
3. I am always prepared		1	2	3	4	5
4. I get stressed out easily		1	2	3	4	5
5. I have a rich vocabulary		1	2	3	4	5
6. I don't talk a lot ®		1	2	3	4	5
7. I am interested in people		1	2	3	4	5
8. I leave my belongings around ®		1	2	3	4	5
9. I am relaxed most of the time ®		1	2	3	4	5
10. I have difficulty understanding abstract ideas ®		1	2	3	4	5
11. I feel comfortable around people		1	2	3	4	5
12. I insult people ®		1	2	3	4	5
13. I pay attention to details		1	2	3	4	5
14. I worry about things		1	2	3	4	5
15. I have a vivid imagination		1	2	3	4	5
16. I keep in the background ®		1	2	3	4	5
17. I sympathize with others' feelings		1	2	3	4	5
18. I make a mess of things ®		1	2	3	4	5
19. I seldom feel blue ®		1	2	3	4	5
20. I am not interested in abstract ideas ®		1	2	3	4	5
21. I start conversation		1	2	3	4	5
22. I am not interested in other people's problems ®	1	2	3	4	5
23. I get chores done right away		1	2	3	4	5
24. I am easily disturbed		1	2	3	4	5
25. I have excellent ideas		1	2	3	4	5
26. I have little to say ®		1	2	3	4	5
27. I have a soft heart		1	2	3	4	5
28. I often forget to put things back in their proper place®	1	2	3	4	5
29. I get upset easily		1	2	3	4	5
30. I do not have a good imagination ®		1	2	3	4	5

	Very Inaccurate				Very Accurate
31. I talk to a lot of different people at parties	1	2	3	4	5
32. I am not really interested in others ®	1	2	3	4	5
33. I like order	1	2	3	4	5
34. I change my mood a lot	1	2	3	4	5
35. I am quick to understand things	1	2	3	4	5
36. I don't like to draw attention to myself ®	1	2	3	4	5
37. I take time out for others	1	2	3	4	5
38. I shirk my duties ®	1	2	3	4	5
39. I have frequent mood swings	1	2	3	4	5
40. I use difficult words	1	2	3	4	5
41. I don't mind being the center of attention	1	2	3	4	5
42. I feel others' emotion	1	2	3	4	5
43. I follow a schedule	1	2	3	4	5
44. I get irritated easily	1	2	3	4	5
45. I spend time reflecting on things	1	2	3	4	5
46. I am quiet around strangers ®	1	2	3	4	5
47. I make people feel at ease	1	2	3	4	5
48. I am exacting in my work	1	2	3	4	5
49. I often feel blue	1	2	3	4	5
50. I am full of ideas.	1	2	3	4	5

Appendix D   Scale for LTO/STO and Individualism/Collectivism

I. Long-Term Orientation (LTO) vs. Short-Term Orientation (STO)

In your private life, how important is each of the following to you?

	Not important at all			Most Important	
1. Personal steadiness and stability	1	2	3	4	5
2. Thrift	1	2	3	4	5
3. Persistence (perseverance)	1	2	3	4	5
4. Respect for tradition	1	2	3	4	5
5. Ordering relationships by status and observing this order	1	2	3	4	5
6. Having a sense of shame	1	2	3	4	5
7. Reciprocation of greetings, favors, and gifts	1	2	3	4	5
8. Face-saving or protecting your face	1	2	3	4	5

II. Individualism/collectivism

How much do you agree or disagree with each of the following statements? (Please circle one answer in each line)

	Strongly Disagree			Strongly Agree	
9. A group is more productive when its members do what they want to do rather than what the group wants them to do	1	2	3	4	5
10. A group is more efficient when its members do what they think is best rather than doing what the group wants them to do	1	2	3	4	5
11. A group is more productive when its members follow their own interests and concerns	1	2	3	4	5

Appendix E   Scale for Negotiator Cognitions

The following questions are to assess your opinion about the concerns in the negotiation. Please circle the answer that matches your opinion most on the given scale. Obviously, there is no right or wrong answer, but your personal belief.

1 = strongly disagree
2 = disagree
3 = undecided
4 = agree
5 = strongly agree

I. Win-Lose Orientation

1. The focus of the negotiation is on who did what to whom and the consequences of specific actions.   1   2   3   4   5
2. This negotiation requires an apology or admission of wrongdoing by one of the parties.   1   2   3   4   5
3. This negotiation requires a concession by one party.   1   2   3   4   5
4. In this negotiation, one party is right and the other one is wrong.   1   2   3   4   5

II. Face-Saving Orientation

1. It is very important that I appear strong in this negotiation.   1   2   3   4   5
2. It doesn't matter that I appear strong or weak in this negotiation. ®   1   2   3   4   5

III. Trust

1. I am not sure I fully trust my partner. ®   1   2   3   4   5
2. My partner is open and upfront with me.   1   2   3   4   5
3. I believe my partner has high integrity.   1   2   3   4   5
4. In general, I believe my partner's motive and intentions are good.   1   2   3   4   5
5. My partner is not always honest and truthful. ®   1   2   3   4   5
6. I don't think my partner treats me fairly. ®   1   2   3   4   5
7. I can expect my partner to treat me in a consistent and predictable fashion.   1   2   3   4   5

Appendix F Scales for Negotiation Behaviors

INSTRUCTIONS:

The following are a list of statements describing your own behaviors during this negotiation. For each statement, please **use the rating scale below to indicate your opinion** on each statement that describes your behavior.

> 1 = strongly disagree
> 2 = disagree
> 3 = undecided
> 4 = agree
> 5 = strongly agree

1. Competitive Behavior:

1) I was firm in pursuing my goals during the negotiation.

2) I tried hard to win my position.

3) I made great effort to get my way.

4) I pressed to get my points made.

5) I tried hard to show my partner the logic and benefits of my position.

6) I tried hard to convince my partner of the merits of my position.

2. Collaborative Behavior:

1) I attempted to deal with all of his/her and my concerns during the negotiation.

2) I consistently sought my partner's help in working out a solution.

3) I attempted to get all concerns and issues immediately out in the open for the negotiation.

4) I usually told my partner my ideas and asked for his/hers.

5) I attempted to work through our difference in order to solve the problem.

6) I always leaned toward a direct discussion of the problem.

7) I was very often concerned with satisfying all our wishes.

3. Yielding Behavior:

1) I tried hard to soothe my partner's feelings and to preserve our relationship.

2) I sometimes sacrificed my own wishes for the wishes of my partner.

3) I tried hard not to hurt my partner's feelings.

4) If it made my partner happy, I would let him/her maintain his/her views.

5) In approaching negotiation, I tried to be considerate of the other person's wishes.

6) When my partner's position seemed very important to him/her, I would try to meet his/her wishes.

Appendix G   Scales for Negotiation Outcomes

1. Individual Profits: $_____

2. Satisfaction

1) How satisfied were you with the negotiation process?

2) How satisfied were you with the negotiation outcome?

3) How satisfied were you with the negotiation in general?

4) To what extent are you willing to do business with your partner again in the future?

5) To what extent do you think the relationship between you and your partner has been improved

6) To what extent do you think you trust you partner more than you did before the negotiation?

7) To what extent can you rely on your partner to keep the promise made during the negotiation?

Appendix H   Research Ethics Certificate

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