

# How Ethically Would Americans and Chinese Negotiate? The Effect of Intra-cultural Versus Inter-cultural Negotiations

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**Abstract** A growing body of research has started to examine how individuals from different countries may differ in their use of ethically questionable tactics during business negotiations. Whereas prior research focused on the main effect of the national culture or nationality of the negotiator, we add a new factor, which is the nationality of the counterpart. Looking at both these variables allows us to examine whether and how people may change their likelihood of using ethically questionable tactics in inter-cultural negotiations as opposed to intra-cultural ones. Results of an experiment ( $N = 810$ ) show that overall, American participants were less likely than Chinese participants to use ethically questionable tactics in negotiations. However, American participants were more likely to use ethically questionable tactics, particularly those related to false promises and inappropriate information gathering, in inter-cultural negotiations with Chinese counterparts, than in intra-cultural negotiations with American counterparts. By contrast, Chinese participants were less likely to

use ethically questionable tactics, particularly those related to false promises and attacking opponent's network, in inter-cultural negotiations with American counterparts, than in intra-cultural negotiations with Chinese counterparts. Implications and future directions are discussed.

**Keywords** Ethically questionable tactics · Intra-cultural negotiations · Inter-cultural negotiations · Americans · Chinese

Ethics is an important concern during business negotiations within and between country borders (Bazerman et al. 2000; Dees and Cramton 1991; Lewicki 1983; Lewicki and Robinson 1998; O'Fallon and Butterfield 2005; O'Connor and Carnevale 1997; Olekalns and Smith 2009). As business relations are built at an increasingly global level, concerns as to whether the same ethical standards and practices are used by the involved parties escalate. As a response to this concern, a growing body of research has started to examine how people from different countries might differ in their use of ethics in business negotiations (Gunia et al. 2011; Rivers 2009; Rivers and Lytle 2007; Volkema et al. 2004; Zhang et al. 2014). In the present research, we examine the extent to which Americans and Chinese use ethically questionable tactics in either intra-cultural or inter-cultural negotiations.

The U.S. and China are currently the two largest economies in the world. In 2014, the total trade between these two countries amounted to over half a trillion U.S. dollars (U.S. Census Bureau 2015). The relationship between these countries has been described as the most important bilateral relationship in the world. Interestingly, this relationship is characterized by both intensely competitive and cooperative components. These two countries

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have looked at each other as strong adversaries and key allies. Given the importance and complexity of this bilateral relationship, we must address how negotiations in such circumstances are shaped, particularly with respect to the norms and ethics being used when the representatives of both countries approach each other. Many theorists and practitioners consider ethical issues as pivotal in negotiations (e.g., Bazerman et al. 2000; Elahee et al. 2002; Fulmer et al. 2009; Lewicki 1983). When both competitive and cooperative tendencies are present in relationships, the use of ethics becomes an important dynamic that will influence the success of these relationships and negotiations (Van Lange et al. 2007). Therefore, we compare how American and Chinese negotiators evaluate unethical practices in intra-cultural (American negotiators meeting American negotiators and Chinese negotiators meeting Chinese negotiators) versus inter-cultural situations (American negotiators meeting Chinese negotiators) to learn how and to what extent ethical concerns affect negotiations that carry significant economic and political effects as well as improve our knowledge on the role of ethical evaluations at a more general level of cultural and cross-cultural psychology.

In the present study, we examine whether Americans and Chinese would change their likelihood of using ethically questionable tactics when their negotiation counterpart is from their own country as compared to when it is from the other country. In what follows, we first describe existing empirical studies that describe how people from different countries may differ in their ethicality in business negotiations. This review reveals that prior studies only focused on studying the main effect of national culture or the nationality of the negotiator. We then introduce the nationality of the counterpart as an additional variable that extends prior research and allows for further investigation of the dynamic effects likely to be revealed by the nationality of the counterpart. Finally, we report an experimental study that examines the joint effect of the nationality of a negotiator and that of his/her counterpart on the use of ethically questionable practices during negotiations.

### **Ethically Questionable Tactics in Intra-cultural and Inter-cultural Negotiations**

One of the first and exemplary studies that examine how people from different countries may differ in ethicality during business negotiations was conducted by Volkema (1998). In this study, participants in Mexico ( $N = 64$ ) and the U.S. ( $N = 115$ ) were asked to indicate their attitudes and intentions to use a range of ethically questionable tactics during negotiation (e.g., misrepresentation, inappropriate information gathering, and attacking opponent's network).

The results of this study revealed that Mexican participants perceived such tactics as less appropriate than the American participants did. However, the results also revealed that the participants were equally likely to use these tactics in negotiations, as measured through their behavioral intentions. Another comparative study that uses a similar methodology (Volkema 1999) found that perceptions of appropriateness and likelihood of using these tactics were strongly correlated among American ( $N = 135$ ) and Brazilian ( $N = 136$ ) participants. Additionally, participants from the two countries were equally likely to accept ethically questionable tactics involving third parties (e.g., constituents), such as information collection and influencing network. Moreover, American participants were less likely than Brazilian participants to approve or use tactics related to their immediate counterparts, such as information misrepresentation and bluffing. Recent studies compared Australian ( $N = 146$ ) with Chinese ( $N = 161$ ) participants (Rivers and Volkema 2013) and Canadian ( $N = 258$ ) with Chinese ( $N = 170$ ) participants (Ma 2010), which are most relevant to the purpose of the current research. These studies consistently found that Chinese participants regarded ethically questionable negotiation tactics as more acceptable than their Western counterparts.

It is clear that only a small number of studies have examined the effect of the nationality of the negotiator on the use of ethically questionable tactics, and none have specifically compared participants from the U.S. and China. However, this limited set of studies has revealed several interesting insights and important implications in understanding ethically questionable behaviors in international business and cross-national negotiations. Even more interesting is that, these studies also seem to implicitly assume that the ethical standards of each country for accepting ethically questionable practices are relatively stable across different situations. In other words, existing studies generally reason that negotiators should not vary their use of ethically questionable tactics when they are negotiating with a counterpart from their own country or from a different country. Put simply, the effect of the nationality of a negotiator only reveals a main effect, regardless of who they negotiate with. Therefore, examining the main effect of the nationality of a negotiator should be sufficient, and one may not need to examine the possible interactions between such element and other factors. This assumption is in line with a normative approach to ethics, which argues that the ethical standards of an individual, as learned through socialization processes (e.g., Bandura 1986), will be used in the same way across all situations (e.g., Kant 1758/1964; Rawls 1999). Interestingly, this implicit assumption not only holds for the use of ethical standards, but is also adopted in most of the research on cultural differences in negotiation strategies

and behaviors (e.g., Adair and Brett 2005; Adair et al. 2001; Brett and Okumura 1998; Natlandsmyr and Rognes 1995; Tinsley and Pillutla 1998). As such, based on the existing literature, we put forward the following hypothesis:

**Hypothesis 1a** The likelihood of individuals to use ethically questionable tactics will not change, regardless of whether their counterparts come from their own country or from a different country.

Alternatively, one could also argue that individuals may have different cognitive schemas or mental models for what is considered appropriate behavior and therefore adopt various tactics in negotiations with counterparts from different countries. For example, in a classic study, Adler and Graham (1989) provided preliminary evidence that French-speaking Canadians behaved more cooperatively in inter-cultural negotiations with English-speaking Canadian counterparts ( $N = 26$ ) than in intra-cultural negotiations with fellow French-speaking Canadian counterparts ( $N = 37$ ). Later, in a theoretical paper, Rivers and Lytle (2007) presented the importance of examining possible interactions between culture and the situation in understanding ethical practices in cross-national negotiations. More recently, Adair et al. (2009) examined the cognitive schemas held by negotiators from Japan ( $N = 70$ ) and the U.S. ( $N = 30$ ) and found that these negotiators have different perceptions of appropriate behaviors (e.g., differential focus on pursuing self-interest as opposed to joint interest, forms of persuasion, information sharing, and offer making) in negotiating in intra-cultural settings compared to inter-cultural settings. In light of these findings, ethics-related negotiation tactics are also part of the schemas that people hold when negotiating, which implies that the likelihood of individuals to use ethically questionable tactics would depend on whether they negotiate in intra-cultural or inter-cultural situations. While no empirical or conceptual study has yet examined this specific assumption, we suggest that an alternative hypothesis to Hypothesis 1a would be:

**Hypothesis 1b** The likelihood of individuals to use ethically questionable tactics will change when their counterparts come from their own country or from a different country.

In sum, considering that previous research has only focused on the main effect of the nationality of a negotiator on the use of ethically questionable tactics, we argue that this approach does not allow us to understand whether and how ethically questionable practices are used when negotiators deal with someone from their own country, as compared to someone from a different country. Based on our two opposing exploratory hypotheses, we conduct an

exploratory examination of whether Americans and Chinese use ethically questionable tactics differently when their counterpart is from either the U.S. or China.

## Methods

### Participants and Procedure

For the American sample, we solicited participants that were citizens of the United States and over the age of 22 from Amazon Mechanical Turk (Buhrmester et al. 2011), which is a popular source for data collection in social sciences (e.g., Berinsky et al. 2012; Rand et al. 2012), including organizational and business research (e.g., Cryder et al. 2013; Uhlmann et al. 2013). A total of 512 qualified participants completed the study online. Among them, 132 failed basic attention checks and were removed from data analyses (for a similar procedure, see Ye et al. 2015). The final sample of 389 American participants (222 men, 166 women, and one unreported) had an average age of 34.16 years ( $SD = 10.89$ ) and average years of full-time work experience of 12.96 years ( $SD = 10.32$ ). These participants (73.3 % European American, 8.5 % African American, 5.7 % Asian American, 5.7 % Latino, 1.8 % Native American, and 5 % others) came from 42 different states. The vast majority (90.2 %) of them reported that they had at least some college education, with 55.7 % indicating they had a bachelor's or a more advanced degree. Moreover, the vast majority of them (78.9 %) reported that they were employed. The Chinese participants were recruited through a market research firm based in Shanghai immediately after the American participants completed their version of the study to ensure that the age distribution and gender composition of the Chinese sample matches those of the American sample. A total of 712 participants who were citizens of the People's Republic of China and over the age of 22 completed the study online. Among them, 291 failed basic attention checks and were removed from data analyses (cf. Ye et al. 2015). The final sample of 421 Chinese participants (231 men, 189 women, and one unreported) had an average age of 33.64 years ( $SD = 8.93$ ) and average years of full-time work experience of 10.62 years ( $SD = 8.73$ ). These participants came from 27 different provinces. The vast majority (96.7 %) of them reported that they had at least some college education, with 81.3 % indicating they had a bachelor's or a more advanced degree. Moreover, the vast majority of them (95.0 %) reported that they were employed.

The participants were informed that the purpose of the study was to examine behaviors displayed in business negotiations, and that participants' anonymity was ensured. The participants were first instructed to imagine themselves

in a negotiation situation that we specified and were then asked to respond to a series of questions. A translation and back-translation procedure was used to ensure semantic equivalence between different language versions of the questionnaires (Gudykunst 2000). Participants completed the questionnaires in their native language (English or Chinese), and were randomly assigned to one of two study conditions. To create intra-cultural and inter-cultural negotiation situations, we used the validated scenario developed by Rivers and Volkema (2013) and modified it in line with our research objective by adding location (U.S. or China) and name of the negotiation counterpart (Justin Adams or Jia Liu) to the scenario story.

Specifically, in the *intra*-cultural negotiation condition, American [or Chinese] participants read:

You are the lead negotiator for a company that manufactures heavy equipment. You are located in the mid-west of the U.S. (Illinois) [or Hunan, China]. You are about to negotiate a deal to sell expensive excavators to another U.S. [or Chinese] company located nearby and represented by Justin Adams [or Jia Liu]. The market has recently been very competitive. Your company very much wants to secure the sale. Moreover, your company has not met its recent targets and if this sale is not secured your company will incur a loss.

In the *inter*-cultural negotiation condition, American [or Chinese] participants read:

You are the lead negotiator for a company that manufactures heavy equipment. You are located in the mid-west of the U.S. (Illinois) [or Hunan, China]. You are about to negotiate a deal to sell expensive excavators to an international company located far away in China [or the U.S.] and represented by Jia Liu [or Justin Adams]. The market has recently been very competitive. Your company very much wants to secure the sale. Moreover, your company has not met its recent targets and if this sale is not secured your company will incur a loss.

## Measures

Our key-dependent measures included 16 items from the SINS (Self-reported Inappropriate Negotiation Strategies) scale developed by Robinson et al. (2000). Each item of the SINS describes a tactic that is considered ethically questionable in negotiation settings. We selected this scale because it is the most established instrument for assessing unethical tactics and behaviors in negotiations (e.g., Cohen 2010; Elahee et al. 2002; Fulmer et al. 2009;

Ma 2010, 2012; Volkema 1998, 1999, 2004). After reading the negotiation scenario, participants indicated the likelihood for them to use each tactic described in the SINS during their negotiations (1 = *very unlikely*, 2 = *unlikely*, 3 = *somewhat unlikely*, 4 = *neutral*, 5 = *somewhat likely*, 6 = *likely*, 7 = *very likely*). To further strengthen our manipulation of intra-cultural versus inter-cultural negotiations, we replaced the reference to “your opponent” in the original SINS items with the specific name of the negotiation counterpart mentioned in our scenario (Justin or Jia).

In line with previous research examining their hypotheses on the overall index of the SINS scale, in the present research, we averaged the sixteen items to form an *overall index* of ethically questionable negotiation tactics ( $\alpha = 0.90$  in the American sample and  $\alpha = 0.88$  in the Chinese sample). The SINS scale also included five sub-scales. The items in each sub-scale were averaged to form a *single index*: (1) traditional competitive bargaining (e.g., “Make an opening demand that is far greater than what you really hope to settle for”;  $\alpha = 0.68$  in the American sample and  $\alpha = 0.72$  in the Chinese sample); (2) attacking opponent’s network (e.g., “Attempt to get Justin [or Jia] fired from his position so that a new person will take his place”;  $\alpha = 0.77$  in the American sample and  $\alpha = 0.75$  in the Chinese sample); (3) false promises (e.g., “Promise that good things will happen to Justin [or Jia] if he gives you what you want, even if you know that you can’t (or won’t) deliver these things when his cooperation is obtained”;  $\alpha = 0.82$  in the American sample and  $\alpha = 0.75$  in the Chinese sample); (4) misrepresentation (e.g., “Intentionally misrepresent information to Justin [or Jia] in order to strengthen your negotiating arguments or position”;  $\alpha = 0.79$  in the American sample and  $\alpha = 0.73$  in the Chinese sample); and (5) inappropriate information gathering (e.g., “Gain information about Justin’s [or Jia’s] negotiating position by paying your friends, associates, and contacts to get this information for you”;  $\alpha = 0.76$  in the American sample and  $\alpha = 0.72$  in the Chinese sample).

At the end of the questionnaire, we included our control variables by asking participants their years of full-time work experience and two items designed to measure their familiarity with the other country (e.g., “How familiar are you with people from China [or the U.S.]?”;  $\alpha = 0.82$  in the American sample and  $\alpha = 0.93$  in the Chinese sample). Years of full-time work experience has often been included as a control variable in business ethics research as this variable is often negatively correlated with the use of unethical tactics (O’Fallon and Butterfield 2005; Rivers and Volkema 2013; Weeks et al. 1999). Familiarity with the other country was included as an additional control variable to account for the different levels of knowledge and contact that people might have with individuals from

another country (Berry 2002; Elfenbein and Ambady 2003; Stroebe et al. 1988).

## Results

Table 1 presents the descriptive statistics for the key variables in the study. To test our hypotheses, we conducted a 2 (Nationalities of participants: American vs. Chinese)  $\times$  2 (Negotiation situations: Intra-cultural vs. Inter-cultural) ANCOVA on our dependent variable (overall index of ethically questionable negotiation tactics), with the years of full-time work experience and familiarity of the participants with the other country as covariates. Table 2 presents the means, standard deviations, and ANCOVA test results for participants in each of the four study conditions.

On the overall use of ethically questionable negotiation tactics, there was a significant main effect of the nationalities of participants,  $F(1, 797) = 206.04, p < 0.001$ . American participants ( $M = 2.89, SD = 1.02$ ) were significantly less likely than Chinese participants ( $M = 3.99, SD = 0.95$ ) to use ethically questionable negotiation tactics. Meanwhile, no significant main effect of negotiation situations was found. Importantly, there was a significant interaction between the nationalities of participants and negotiation situations,  $F(1, 797) = 9.71, p = 0.002$ . American participants were significantly more likely to use ethically questionable negotiation tactics in inter-cultural negotiations ( $M = 3.00, SD = 1.04$ ) with Chinese counterparts, than in intra-cultural negotiations ( $M = 2.75, SD = 0.96$ ) with American counterparts,  $F(1, 797) = 6.92, p = 0.009$ . By contrast, Chinese participants were marginally less likely to use such tactics in inter-cultural negotiations ( $M = 3.92, SD = 0.88$ ) with American counterparts, than in intra-cultural negotiations ( $M = 4.06, SD = 1.02$ ) with Chinese counterparts,  $F(1, 797) = 3.06, p = 0.081$ . Additional analysis showed that American participants ( $M = 2.75, SD = 0.96$ ) were significantly less likely to use such tactics than Chinese participants ( $M = 4.06, SD = 1.02$ ) in intra-cultural negotiations,  $F(1, 797) = 152.51, p < 0.001$ . American participants ( $M = 3.00, SD = 1.04$ ) were also significantly less likely to use such tactics than Chinese participants ( $M = 3.92, SD = 0.88$ ) in inter-cultural negotiations,  $F(1, 797) = 69.67, p < 0.001$ . Overall, these results provided support for Hypothesis 1b, which predicts that the likelihood of individuals to use ethically questionable tactics will change as a function of the nationality of their counterparts (see Fig. 1).

Next, although we did not develop hypotheses for the specific kinds of ethically questionable negotiation tactics described in the sub-scales of the SINS scale, for exploratory purposes we ran separate 2  $\times$  2 ANCOVA for

each of the five sub-scales to gain more nuanced understandings on these tactics (also see Table 2). On the tactics related to traditional competitive bargaining, there was a significant main effect of the nationalities of participants,  $F(1, 797) = 55.16, p < 0.001$ . American participants ( $M = 3.93, SD = 1.41$ ) were significantly less likely than Chinese participants ( $M = 4.73, SD = 1.22$ ) to use tactics of traditional competitive bargaining. Meanwhile, no significant main effect of negotiation situations was found. Furthermore, no significant interaction was found between the nationalities of participants and negotiation situations.

On the tactics related to attacking opponent's network, there was a significant main effect of the nationalities of participants,  $F(1, 797) = 147.10, p < 0.001$ . American participants ( $M = 1.77, SD = 0.95$ ) were significantly less likely than Chinese participants ( $M = 2.83, SD = 1.24$ ) to use tactics of attacking opponent's network. Meanwhile, no significant main effect of negotiation situations was found. Importantly, there was a significant interaction between the nationalities of participants and negotiation situations,  $F(1, 797) = 5.86, p = 0.016$ . American participants were equally likely to use tactics of attacking opponent's network in inter-cultural negotiations ( $M = 1.85, SD = 1.05$ ) with Chinese counterparts and in intra-cultural negotiations ( $M = 1.67, SD = 0.81$ ) with American counterparts. By contrast, Chinese participants were marginally less likely to use such tactics in inter-cultural negotiations ( $M = 2.75, SD = 1.14$ ) with American counterparts, than in intra-cultural negotiations ( $M = 2.92, SD = 1.34$ ) with Chinese counterparts,  $F(1, 797) = 3.35, p = 0.068$ .

On the tactics related to false promises, there was a significant main effect of the nationalities of participants,  $F(1, 797) = 175.05, p < 0.001$ . American participants ( $M = 2.71, SD = 1.40$ ) were significantly less likely than Chinese participants ( $M = 4.09, SD = 1.38$ ) to use tactics of false promises. Meanwhile, no significant main effect of negotiation situations was found. Importantly, there was a significant interaction between the nationalities of participants and negotiation situations,  $F(1, 797) = 15.11, p < 0.001$ . American participants were significantly more likely to use tactics of false promises in inter-cultural negotiations ( $M = 2.86, SD = 1.47$ ) with Chinese counterparts, than in intra-cultural negotiations ( $M = 2.51, SD = 1.29$ ) with American,  $F(1, 797) = 6.61, p = 0.010$ . By contrast, Chinese participants were significantly less likely to use such tactics in inter-cultural negotiations ( $M = 3.90, SD = 1.33$ ) with American counterparts, than in intra-cultural negotiations ( $M = 4.29, SD = 1.40$ ) with Chinese counterparts,  $F(1, 797) = 8.52, p = 0.004$ .

On the tactics related to misrepresentation, there was a significant main effect of the nationalities of participants,  $F(1, 797) = 71.88, p < 0.001$ . American participants ( $M = 2.77, SD = 1.25$ ) were significantly less likely than

**Table 1** Descriptive statistics and bivariate correlations of the key variables

	Mean	SD	1	2	3	4	5	6	7	8
Mean			10.62	4.16	3.98	4.72	2.83	4.09	3.61	4.76
SD			8.73	1.21	0.96	1.23	1.24	1.37	1.20	1.29
1. Years of fulltime work experience	12.96	10.32	1	0.02	-0.16**	-0.10 <sup>†</sup>	-0.13*	-0.08	-0.15**	-0.15**
2. Familiarity with the other country	3.42	1.30	-0.09 <sup>†</sup>	1	0.09 <sup>†</sup>	0.07	0.12*	0.00	0.10*	0.07
3. Ethically questionable negotiation tactics	2.88	1.02	-0.18**	0.07	1	0.66**	0.76**	0.74**	0.86**	0.74**
4. Traditional competitive bargaining	3.93	1.41	-0.10*	0.09 <sup>†</sup>	0.67**	1	0.41**	0.30**	0.47**	0.35**
5. Attacking opponent's network	1.76	0.95	-0.15**	0.02	0.70**	0.29**	1	0.41**	0.65**	0.41**
6. False promises	2.70	1.40	-0.16**	0.04	0.82**	0.39**	0.54**	1	0.54**	0.51**
7. Misrepresentation	2.76	1.25	-0.16**	0.03	0.87**	0.46**	0.61**	0.68**	1	0.51**
8. Inappropriate information gathering	3.29	1.52	-0.14**	0.10 <sup>†</sup>	0.79**	0.42**	0.43**	0.57**	0.56**	1

American  $n = 389$ . Chinese  $n = 421$ . Familiarity with the other country ranged from 1 (*not at all*) to 7 (*extremely*). The SINS scale ranged from 1 (*very unlikely*) to 7 (*very likely*). Bivariate correlations in the American sample are presented in the lower left triangle of table. Bivariate correlations in the Chinese sample are presented in the upper right triangle of table

<sup>†</sup>  $p < 0.10$ , \*  $p < 0.05$ , \*\*  $p < 0.01$

**Table 2** Individual ANCOVA on ethically questionable tactics in intra-cultural versus inter-cultural negotiations for American and Chinese participants

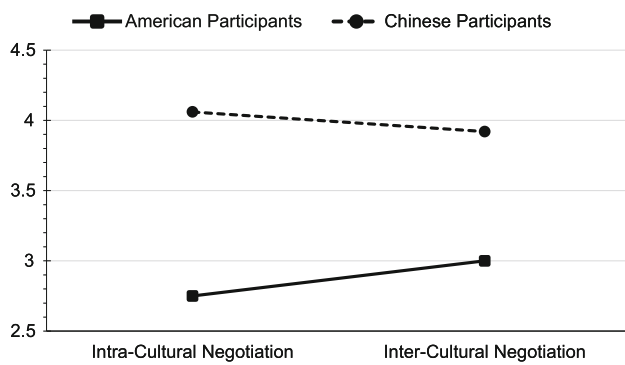
	American participants		Chinese participants	
	Intra-cultural mean (SD)	Inter-cultural mean (SD)	Intra-cultural mean (SD)	Inter-cultural mean (SD)
Overall index: ethically questionable negotiation tactics	2.75 <sub>a</sub> (0.96)	3.00 <sub>b</sub> (1.04)	4.06 <sub>c</sub> (1.02)	3.92 <sub>c</sub> (0.88)
Subscale 1: traditional competitive bargaining	3.85 <sub>a</sub> (1.43)	4.00 <sub>a</sub> (1.39)	4.70 <sub>b</sub> (1.25)	4.76 <sub>b</sub> (1.19)
Subscale 2: attacking opponent's network	1.67 <sub>a</sub> (0.81)	1.85 <sub>a</sub> (1.05)	2.92 <sub>b</sub> (1.34)	2.75 <sub>b</sub> (1.14)
Subscale 3: false promises	2.51 <sub>a</sub> (1.29)	2.86 <sub>b</sub> (1.47)	4.29 <sub>d</sub> (1.40)	3.90 <sub>c</sub> (1.33)
Subscale 4: misrepresentation	2.68 <sub>a</sub> (1.16)	2.84 <sub>a</sub> (1.33)	3.69 <sub>b</sub> (1.28)	3.54 <sub>b</sub> (1.12)
Subscale 5: inappropriate information gathering	3.05 <sub>a</sub> (1.53)	3.50 <sub>b</sub> (1.49)	4.80 <sub>c</sub> (1.31)	4.74 <sub>c</sub> (1.26)

American  $n = 389$  (intra-cultural = 174; inter-cultural = 215). Chinese  $n = 421$  (intra-cultural = 212; inter-cultural = 209). Years of fulltime work experience and familiarity with the other country were included as covariates. Means in rows that share a subscript letter do not differ by  $p < 0.05$

Chinese participants ( $M = 3.61$ ,  $SD = 1.20$ ) to use tactics of misrepresentation. Meanwhile, no significant main effect of negotiation situations was found. Importantly, there was a significant interaction between the nationalities of participants and negotiation situations,  $F(1, 797) = 3.94$ ,  $p = 0.047$ . However, neither in the U.S. nor the China sample did the participants differ in their use of tactics of misrepresentation across intra-cultural or inter-cultural negotiation situations.

On the tactics related to inappropriate information gathering, there was a significant main effect of the nationalities of participants,  $F(1, 797) = 184.40$ ,  $p < 0.001$ . American participants ( $M = 3.30$ ,  $SD = 1.52$ ) were significantly less likely than Chinese participants

( $M = 4.77$ ,  $SD = 1.28$ ) to use tactics of inappropriate information gathering. Meanwhile, there was a marginally significant main effect of negotiation situations,  $F(1, 797) = 3.38$ ,  $p = 0.066$ , such that participants were marginally more likely to use tactics of inappropriate information gathering in inter-cultural negotiations ( $M = 4.11$ ,  $SD = 1.51$ ) than in intra-cultural negotiations ( $M = 4.01$ ,  $SD = 1.66$ ). Importantly, there was a significant interaction between the nationalities of participants and negotiation situations,  $F(1, 797) = 7.78$ ,  $p = 0.005$ . American participants were significantly more likely to use tactics of inappropriate information gathering in inter-cultural negotiations ( $M = 3.50$ ,  $SD = 1.49$ ) with Chinese counterparts, than in intra-cultural negotiations ( $M = 3.05$ ,



**Fig. 1** Likelihood to use ethically questionable tactics for American and Chinese participants in intra-cultural and inter-cultural negotiations

$SD = 1.53$ ) with American counterparts,  $F(1, 797) = 10.33$ ,  $p = 0.001$ . By contrast, Chinese participants were equally likely to use such tactics in inter-cultural negotiations ( $M = 4.74$ ,  $SD = 1.26$ ) with American counterparts and in intra-cultural negotiations ( $M = 4.80$ ,  $SD = 1.31$ ) with Chinese counterparts.

In sum, our findings provide support for Hypothesis 1b by showing that American participants were more likely to use such tactics, particularly those related to false promises and inappropriate information gathering, in inter-cultural negotiations with Chinese counterparts, than in intra-cultural negotiations situations with American counterparts. By contrast, Chinese participants were less likely to use ethically questionable tactics, particularly those related to false promises and attacking opponent's network, in inter-cultural negotiations with American counterparts, than in intra-cultural negotiation situations with Chinese counterparts. Stated differently, both American and Chinese participants were more likely to use ethically questionable tactics when negotiating with Chinese counterparts than with American counterparts. Additional findings suggest that American participants were less likely than Chinese participants to use ethically questionable negotiation tactics in both intra-cultural and inter-cultural negotiations.

## Discussion

This study is the first to explore how Americans and Chinese change their tendency to use ethically questionable tactics when their negotiation counterpart is from their own country instead of another country. The results for the overall index of ethically questionable tactics support Hypothesis 1b, which predicts that people will change their likelihood of using ethically questionable tactics as a function of the nationality of their counterpart. These results reveal the differences in the extent to which ethically questionable practices are used in intra-cultural and

inter-cultural negotiations. Unlike the assumptions of the normative approach, people's likely use of ethics will change across different situations. In negotiations, people adopt different models of what is ethically acceptable for themselves in intra-cultural versus inter-cultural situations. These findings have important implications for (re-)examining the study of ethics and negotiations at a more general level of cultural and cross-cultural psychology. Given that negotiations and other interpersonal dynamics involve at least two parties, merely examining the main effect of the nationality of the negotiator will be insufficient. The nationalities of the counterpart should be investigated as well. At a more practical level, negotiators need to recognize that their ethics-related behavior is subject to change. For example, when working with Chinese counterparts, American negotiators must be cautious of their increased tendency to use ethically questionable tactics. The identified changes are not trivial as these tactics include lies and bribes, which may lead to serious legal consequences. As reflected in the recent scandals of multinational pharmaceutical companies operating in China, some of these changes have already caused severe problems that could damage the reputation and profitability of companies for a long time (Jourdan et al. 2013).<sup>1</sup>

Interestingly, results of the study also indicated that both American and Chinese participants were more likely to use ethically questionable tactics when dealing with a counterpart from China than when dealing with one from the U.S. This tendency was stronger among American participants than among Chinese participants. These results cannot be explained by simply relying on processes advocated by the intergroup bias perspective (e.g., Brewer 1999; Hewstone et al. 2002). A straightforward intergroup bias perspective would predict that individuals from both countries would be more likely to use ethically questionable tactics in inter-cultural negotiations (when negotiating with the out-group) than in intra-cultural negotiations (when negotiating with the in-group). Our results did not find support for such a prediction. Additionally, the results of the current study cannot be explained fully by cross-cultural research suggesting that the Chinese would distinguish groups (in-group/out-group distinctions) more sharply than Americans (e.g., Morris et al. 2001; Smith and Bond 1993). Such a perspective would predict that Chinese participants are more likely to use ethically questionable tactics in inter-cultural negotiations than in intra-cultural negotiations, and such change is greater than those of the American participants. However, our results did not provide evidence for this prediction.

<sup>1</sup> We thank an anonymous reviewer for suggesting this example to us.

One plausible explanation for the current results is that although people take into account the nationality of their negotiation counterpart, they may rely considerably upon the image of the other country in preparing for their own ethics-related tactics in negotiations. An inter-cultural negotiation is usually more ambiguous and uncertain than an intra-cultural negotiation. To reduce such uncertainty, people may be motivated to consider any type of diagnostic information on how to act toward the other side. In the current study, it may be known to people in both the U.S. and China that American negotiators tend to act relatively more ethical, whereas Chinese negotiators currently have a reputation of being relatively less ethical. Although we do not have any evidence that directly supports the validity of these different country images, some indirect evidence related to the perceived levels of public sector corruption in these countries appear to support this claim (see Corruption Perceptions Index provided by Transparency International 2015). In line with these perceptions, the American participants may have adjusted themselves to the image of their Chinese counterparts, thereby becoming less ethical in their negotiations. For instance, with or without actual evidence, many Americans (and other Westerners) believe that bribery is commonly practiced in the Chinese market. Therefore, they are inclined to practice bribery when negotiating with their Chinese counterparts. Similarly, the Chinese participants may have adapted themselves to the image of their American counterparts and become more ethical. For instance, many Chinese may believe that bribery is strictly prohibited both by the law and tradition in the U.S. market. Therefore, they may be inclined to abide by such law when negotiating with their American counterparts. Interestingly, the main effect of the nationalities of participants we identified in the current study was consistent with such country images. Thus, the idea that the country image of the other side should be an important input to one's own decision of ethicality in negotiations is not completely unfounded. Yet, the image of China prompted American participants to behave less ethically, and the image of the U.S. improved the likelihood of ethical practices among Chinese participants. Clearly, we cannot be certain that this explanation is entirely valid without measuring the specific country images perceived by participants from both countries. As such, future research should test these possibilities more directly.

Moreover, although our study did not find support for the straightforward prediction based on the intergroup bias perspective, future research can develop more nuanced predictions. For example, studies have demonstrated that intergroup bias is usually expressed as in-group favoritism, but not necessarily as out-group derogation (Brewer 1999, 2000). An important factor that could drive people from displaying in-group favoritism to displaying out-group

derogation is the perceived threat of the out-group (Brewer 2001; Hagendoorn et al. 2013). Such tendency to derogate the out-group would be particularly strong when the in-group is experiencing economic slowdown (Quillian 1995; Stephan and Stephan 2000). The rise of China in recent years has become a major concern of the American public (Ikenberry 2008). By contrast, the Chinese have not perceived a similar threat from the U.S. (Pew Research Center 2012). Therefore, the perception of China as a threat could lead Americans to focus more on out-group derogation when facing Chinese counterparts in negotiations. In our cross-national negotiation settings, American participants may regard an increased use of ethically questionable tactics as a means to offend the out-group. By contrast, Chinese participants would be more motivated to express in-group favoritism by reducing their use of ethically questionable tactics as a means to improve the reputation of their in-group. Again, future studies are advised to examine these interesting possibilities.

Note that the two plausible explanations we have identified thus far, one of ethics-related country image and another of perceived threat of the other country, may suggest directions to improve ethical practices in cross-national negotiations that are immensely different from suggestions of previous research that focus on the main effect of national culture. For example, Rivers and Lytle (2007) advised negotiators to understand the cultural origins of (un)ethical practices to avoid anger and mistrust in such negotiations. Apart from previous suggestions, our prescriptions in the present study are twofold. First, those who have a present country image of being relatively more ethical in business should pay attention to their tendency of lowering their ethical standards when facing a country known to be relatively less ethical. Ironically, their reduced ethical standards may eventually affect their reputations and revise their national image as perceived by other countries. By contrast, those who have a present country image of being relatively less ethical in business should be aware of the unanticipated consequences of their country image. They should not only improve their ethical practices actively as a collective, but also translate the improvement into the perceptions of other countries. Moreover, those who perceive the other country as a threat should aim to reduce their anxiety and identify opportunities for collaboration with the other country. Similarly, those who are perceived by the other country as a threat should attempt to demonstrate why and how collaboration may bring greater value to both sides.

In addition to the two explanations we already outlined, other plausible ideas could be used to explain our findings and provide directions for improving ethical practices. For instance, presumably influenced by a historical experience of Western cultural hegemony, the Chinese participants



may be less confident than the American participants when conducting business with individuals from other countries.<sup>2</sup> Therefore, when negotiating with foreigners, the Chinese participants may be more inclined to use moral rather than immoral tactics as a way of seeking certainties by doing the “right” thing. This perspective is in sharp contrast with the rise of nationalism widely observed in China over the recent years (Goodman and Segal 2013). If this perspective is validated, a possible direction for improving the ethical practices in cross-national negotiations may vary considerably from understanding the cultural origins of (un)ethical practices as previously suggested. Instead, it would be recognizing that an increased level of comfortableness in dealing with foreigners may not merely bring efficiency, but also the emancipation of unethical acts.

Despite being plausible at the conceptual level, these ideas must be tested at the empirical level. It would be interesting to examine each of these explanations in future research. Moreover, all the explanations that we have discussed thus far have focused on unitary mechanisms that can be applied to participants from both countries. However, the American and Chinese participants may rely on different mechanisms when using ethically questionable tactics during their intra-cultural and inter-cultural negotiations. Finally, epistemic motives such as need for closure, and social motives such as concern for face, may moderate at least some of these mechanisms (Liu et al. 2012). Other factors, such as general trust and general caution (Yamagishi and Yamagishi 1994), identification to one’s own country (Mummendey et al. 2001), and perceived representativeness of counterparts from the other country (Folmer et al. 2012), may also be interesting moderators. These possibilities should be tested in future research.

While the results for the overall index of ethically questionable negotiation tactics supported Hypothesis 1b, for exploratory purposes, we also examine the possible effects of the nationalities of the participants and the negotiation situations on each of the five sub-scales of the SINS scale. The results for the tactics related to false promises and inappropriate information gathering were in line with Hypothesis 1b. In contrast, the results for the tactics related to traditional competitive bargaining and misrepresentation appeared to be in line with Hypothesis 1a. Although our current focus was on the overall index of ethically questionable negotiation tactics, future studies can develop specific and possibly directional hypotheses around each of the sub-scales. For example, the tactics related to inappropriate information gathering have a significant role in the relatively insufficient information on the counterpart in inter-cultural negotiations. Previous studies

show that Americans tend to have lower tolerance for ambiguity and uncertainty than the Chinese (Ji et al. 2000; Nisbett et al. 2001). Therefore, Americans may be more motivated to seek for more information on their counterpart in inter-cultural negotiations at the risk of being inappropriate. These kinds of hypotheses can be developed and tested in future empirical research.

Although the primary focus of our study was on the interaction between the nationality of a negotiator and that of his or her counterpart, the main effect of the nationality or national culture of a negotiator is interesting in its own right. Chinese participants across the overall index and all five single indices were more likely than Americans to use ethically questionable negotiation tactics. These results are consistent with previous studies by Ma (2010) and Rivers and Volkema (2013), which showed that Chinese participants were more likely to use ethically questionable negotiation tactics than Australian or Canadian participants were. Our findings reveal that Chinese participants are more likely to condone ethically questionable practices than American participants. To explain these findings, earlier scholars suggested that factors such as individualistic versus collectivistic cultural values, high versus low cultural contexts, and stronger intergroup bias of the Chinese participants compared with Western participants may contribute to the observed main effect of the nationality or national culture of a negotiator. We concur with these observations. Additionally, we suggest that Americans may possibly focus on the procedure, whereas Chinese are likely to focus on the outcomes of business negotiations, hence their different preferences in using ethically questionable tactics (e.g., Shao et al. 2013). These cultural differences might not necessarily reflect unchangeable cultural traditions. When situations such as legal environments or incentive structures change, people are likely to change their preference and use of ethically questionable tactics again (Yamagishi et al. 2008). Finally, similar to previous studies (e.g., Ma 2010), this study relied on the SINS scale (Robinson et al. 2000) as the key dependent measure. This scale was originally developed and validated in the U.S. context, thereby making such instrument not necessarily suitable for conducting country-level comparisons with individuals from other countries. A very “fair” comparison between countries must be based upon a universal code of business ethics, which is yet to be developed. Nonetheless, the SINS scale can still be an effective tool for detecting possible changes that people from a single country may have in intra-cultural versus inter-cultural negotiation situations.

Our current research is limited to the context of American and Chinese negotiators, as well as possible negotiations among and between them. We did not investigate how such individuals would negotiate with counterparts from countries other than the U.S. and China. However,

<sup>2</sup> We thank another anonymous reviewer for suggesting this possibility to us.

one would wonder whether the likelihood of using of ethically questionable tactics would change again when these negotiators are confronted with counterparts from countries such as Germany, India, Japan, and other major trade partners. Without additional data, we cannot provide a firm answer to such questions. Nevertheless, our current analysis suggests that people may change their use of ethically questionable tactics when they negotiate with someone from a different country. Moreover, the situation can become more complicated when people negotiate within and between multicultural teams, as individuals might be influenced by additional sources of information on their teammates and counterparts in considering the use of ethically questionable tactics. Cultural theories such as individualism and collectivism may be helpful in predicting main effects of national culture, but such theories might not be sufficient in capturing the dynamic effects in cross-national processes.

The current study has several potential limitations that could be addressed in future studies. For example, in line with prior studies that examine the impact of national culture on the use of ethically questionable tactics, we only examined intentions to use ethically questionable tactics and not actual behavioral responses. Thus, we used the validated SINS scale (Robinson et al. 2000). Although behavioral intentions should be more closely associated with actual behaviors than attitudes do, future studies should examine the relationship between behavioral intentions and actual behaviors in both intra-cultural and inter-cultural negotiations. The current study also adopted a scenario from Rivers and Volkema (2013). Although the scenario methodology is frequently used in ethics and negotiation research (e.g., Anton 1990; Francis 1991; Lewicki and Robinson 1998) and some studies show that the results obtained from scenarios are similar to those obtained from laboratories and real-life situations (e.g., Moore 2004; Okhuysen et al. 2003; Wade-Benzoni 2002), some differences may still be observed between the assumed positions of the participants in the scenarios and their actual positions in real-life negotiations. Future studies must examine the possible gap between these positions. Finally, as in other studies, we relied upon the self-report of participants, which may be subject to a range of biases (Nisbett and Wilson 1977). For example, to reduce self-presentation biases, future studies may examine reports of the ethical practices of other individuals as opposed to that of oneself.

In summary, the current study revealed a surprising pattern of results for American and Chinese participants when the negotiation moved from an intra-cultural to an inter-cultural situation. Building on this interesting dynamic, the study suggests a range of new opportunities for future research in this area of inquiry. As current

business relationships are increasingly built at a global level, ethical concerns will become an even more important issue in future cross-national business negotiations. As such, we strongly believe that a more nuanced understanding of ethical practices in different countries needs to be developed.

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