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'*Ren Qing*' versus the 'Big Five': The Role of Culturally Sensitive Measures of Individual Difference in Distributive Negotiations

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ABSTRACT In this study, we examine culture-specific relationships between individual differences and distributive negotiations. We measured individual characteristics and their effects on distributive negotiations in both American[1] and Chinese cultures, using a Western-based scale (the 'Big Five') and a Chinese-based scale (CPAI). We found that agreeableness and extraversion (from the 'Big Five') affected negotiations for Americans, but not for Chinese. We found that harmony, face and *Ren Qing* (from the Chinese-based scales) affected negotiations for Chinese, but not for Americans. Specifically, we found that in the American culture, those higher in extraversion and agreeableness achieved lower economic gain, whereas in the Chinese context that those high in harmony, face, and *Ren Qing* were more likely to be influenced by opening offers and achieve lower economic gain in distributive negotiations. Our study highlights the need to examine negotiations using culturally sensitive constructs and measures.

「人情」或是「大五」：
具有文化敏感度的个别差异对协商谈判的影响

摘要

本文探讨了文化因素对个体差异与分配谈判关系的影响。通过使用基于西方研究发展的个性量表（"大五"）与基于中国研究发展的个性量表，本文在两种文化背景下讨论了个体差异对分配谈判的影响。研究发现宜人性和外向性（来自于"大五"）影响了美国人的谈判过程和结果，却对华人没有影响。同时也发现和谐、面子、以及人情（三者来自基于中国研究发展的量表）影响了华人的谈判过程和结果，却对美国人没有影响。具体地讲，本文发现在美国文化的环境中，外向性与宜人性比较高的人，在谈判中获得的经济收益比较低，而在中国文化的环境中，和谐、面子、或是人情倾向高的人，在分配谈判中比较容易受到开价的影响，所获得的经济收益比较低。这项研究显示了在协商谈判的研究中，对于个体差异的探讨，需要使用具有文化敏感度的概念和测量表。

INTRODUCTION

In a study of negotiator characteristics in the American culture, Barry and Friedman (1998) showed that extraversion and agreeableness reduced negotiators' distributive outcomes. However, there has been little research on whether the same dynamic holds true in other cultural contexts. The question we pose is how culture influences the relationship between negotiator characteristics and negotiation outcomes. For example, there is support for the universality of the five-factor model of personality across cultures (e.g. Bond and Forgas, 1984; McCrae and Costa, 1997), it has not been shown that the same personality dimensions are also significant predictors of negotiation outcomes in cultural contexts other than the US.

There is a growing awareness of the impact of culture on negotiation processes and outcomes (e.g. Gelfand and Realo, 1999; Tinsley, 2001; Adair, Okumura, and Brett, 2001). Cultural psychologists have argued that national cultures have different underlying assumptions regarding appropriate social interactions (Hofstede, 1980; Schwartz, 1994; Triandis, 1995). In the case of negotiation, culture influences perceptions regarding which negotiating behaviours are appropriate or preferred (Gelfand et al., 2001). In this paper, we examine universal and culture-specific personality factors in the relationship between individual differences and distributive bargaining.

We propose a culture-specific or emic perspective for examining the patterns of individual difference effects on distributive negotiation across cultures. We compare negotiations conducted in American and Chinese cultures. We propose that the individual personality dimensions of extraversion and agreeableness – that have been demonstrated among US participants – do not have the same significant effect on negotiation among Chinese participants. Specifically, we hypothesize that the opening offer in a negotiation is more influential on Chinese negotiators than on American negotiators. Our hypotheses rest on the culture-specific understanding that, in the Chinese cultural context, social engagement and susceptibility to influence by the other party are a function of common cultural norms rather than individual personality differences. Further, we propose that the individual characteristics that affect negotiations among Chinese are different from the characteristics that affect negotiations among Americans.[1]

THEORETICAL BACKGROUND

Culture and Major Steps in Negotiation: Opening Offer and Counter-Offer

Negotiation is a process through which two or more people with different needs and viewpoints try to reach an agreement (Thompson, 1998). In distributive negotiations, when the key issue is typically the price paid for an item, one party's gain inherently represents a loss by the other side (Walton and McKersie, 1965). Making

opening offers and counter-offers are formal steps during the negotiation process. Evidence from US studies shows that, while there is some risk associated with making the opening offer (for example, if a seller makes the opening offer, it may turn out that the buyer would be willing to pay more than the offer), it is better to start the negotiation with an aggressive offer (Siegel and Fouraker, 1960). This is because the other party's counter-offer is usually affected by the size of the opening offer. In fact, the opening offer and counter-offer are significantly correlated: higher opening offers generate higher counter-offers (Galinski and Mussweiler, 2001; Neale and Bazerman, 1999). In light of the importance of the opening and counter-offers in negotiations, we now explore some basic characteristics of Chinese negotiators, how they differ from the characteristics of American negotiators, and then return to how these differences may affect opening offers and counter-offers.

The Chinese culture differs from the US culture in the well-documented characteristic of collectivism/individualism (Hofstede, 1980). The Chinese culture is highly collectivistic, while the US culture is highly individualistic (Chow, Deng and Ho, 2000; Earley, 1989; Erez and Earley, 1987; Hofstede, 1980; Mortenson, 2002; Triandis et al, 2001; Weber, Hsee and Sokolowska, 1998). Collectivism is characterized by tight social networks in which people strongly distinguish between in-groups, such as relatives and clans, and other groups. One manifestation of collectivism is that Chinese tend to be concerned about face (public image and reputation), harmony, and *Guanxi* (embedded social relationships, a proxy of *Ren Qing*) (Graham and Lam, 2003). Furthermore, members of collectivist cultures place a great deal of importance on fitting in harmoniously with others and, therefore, they tend to value common goals and objectives over and above individual goals that focus exclusively on self-interest. Conforming to the collective's norms will inherently enhance one's face, promote group harmony and maintain *Guanxi*. Thus, we expect that negotiators in collectivist cultures are more socially engaged with the other party in a negotiation at the outset than are negotiators from the more individualistic cultures. On a related topic, Jehn and Weldon (1997) found that when managing conflicts, American managers focus on the task, while Chinese managers focus on the social and relational aspects of the conflict.

Previous research has shown that opening offers exert a pull on responders' judgements during a negotiation (Galinski and Mussweiler, 2001; Neale and Bazerman, 1999). Thus, we expect that the responder's first judgement, which will influence the formulation of the counter-offer, to be affected by the opening offer. Indeed, Kristensen and Gaerling (1997) found that the initial offer shaped the adoption of a reference point. Galinsky et al. (2002) shows that the probability of making a first offer is related to the negotiator's sense of confidence and control at the bargaining table. The distance between the opening offer and counter-offer reflects the psychological phenomenon of anchoring. With a cultural norm promoting individualized decision-making and freedom of thought, Americans are

likely to disengage from the other side and tend to treat an aggressive offer as strategic posturing and are, therefore, less likely than Chinese negotiators to be influenced by an aggressive initial offer.

Given the higher focus on others in the Chinese culture, Chinese negotiators are more likely than American negotiators to treat the opening offer as a starting point for a long-term relationship. They are more committed to working with the opening offer, and are more likely to consider the opening offer while formulating their counter-offers than are their American counterparts. Thus, we expect the opening offer to have a stronger effect on counter-offers for Chinese than for American negotiators. Therefore, we hypothesize:

Hypothesis 1a: Chinese negotiators are more likely than American negotiators to be influenced by the opening offer. In other words, the difference between the opening offer and the counter-offer will be smaller for Chinese than for American negotiators.

If Chinese are more susceptible to the influence of the opening offer, then it follows that the opening offer will be a stronger predictor of economic gain for Chinese than it is for the American negotiators.

Hypothesis 1b: The opening offer will be a stronger predictor of economic gain for Chinese negotiators than for American negotiators.

Culture and the Personality of Extraversion and Agreeableness

Previous research has found that, among Americans, extraversion and agreeableness affected how responders are influenced by the opening offer (Barry and Friedman, 1998). It is argued that these two personality dimensions affect negotiations because they affect how people relate to others in their social environment (Barry and Friedman, 1998). American negotiators with high levels of these personality dimensions are socially engaged with and concerned about the other negotiator, putting them at greater risk of being influenced by the opening offer and thus more at risk of losing in distributive bargaining situations. In the Chinese culture, however, these personality dimensions may play less of a role, as relational concerns are salient for all members of Chinese culture. The inherent propensity of Chinese to value social engagement may preclude them from detecting a measurable effect of the personality dimensions of extraversion and agreeableness on counter-offers in negotiations. Once high levels of social engagement have been achieved, along with the resulting impact on the counter-offer, any additional impact on social engagement as a result of individual personalities should be inconsequential.

This is not to say there are no individual differences in extraversion and agreeableness among Chinese people. Chinese who have high levels of extraversion are

probably more talkative and outgoing than those who have low levels of extraversion. However, within the sphere of the Chinese collectivist culture, those personality dimensions are not likely to produce significant differences in the already culturally dictated high level of social engagement. Chinese with high levels of agreeableness are probably even more concerned about minimizing tensions with others than are those with low levels of agreeableness. Within the Chinese context, however, these characteristics are not likely to produce significant differences over and above the already strong emphasis on social engagement and relationship orientation. We therefore posit that

Hypothesis 2: American negotiators who have high levels of extraversion and agreeableness are more likely to make counter-offers that are closer to the opening offer than are those who have low levels of extraversion and agreeableness. The same dynamic will not occur among Chinese negotiators, i.e. the counter-offer made by Chinese negotiators who have high levels of extraversion and agreeableness will not be significantly closer to the opening offer than the counter-offer made by those who have low levels of extraversion and agreeableness. In short, culture moderates the effects of agreeableness and extraversion.

Individualized Cultural Norms and Interactions with Culture

Even if our data support H2, we cannot simply conclude that individual differences do not matter in the Chinese culture. Triandis (1995) notes that attitudes are sound predictors of behavior in individualist cultures, while social norms are better predictors of behavior in collectivist cultures. Keesing (1974) argues that culture provides an implicit theory about how to behave. Each individual internalizes and adopts certain behaviors in specific situations. When negotiating, some Chinese individuals may reject the dominant norms of their cultures and may make extreme opening offers. Cheung, Leung, Fan, Song, Zhang and Zhang (1996) and Cheung, Leung, Zhang, Sun, Gan, Song and Xie (2001) have developed indigenous measures of the internalized Chinese cultural norm of interpersonal relatedness (also called Chinese Tradition), which refers to facets of social relations and social interactions based on traditional Chinese culture. These facets include harmony, face, and *Ren Qing*. Cheung et al. (1996, 2001) demonstrated that a full representation of Chinese individual difference dimensions requires the addition of these three facets of interpersonal relatedness to the five-factor model of personality. In the Chinese culture, the exact nature of how one relates to others carries a level of importance that may not be as influential among non-Chinese people.

According to Cheung et al. (1996), harmony refers to one's inner peace of mind, contentment, interpersonal concord, avoidance of conflict, and maintenance of equilibrium. *Ren Qing*, which means relationship in Chinese, covers adherence to cultural norms of interaction based on reciprocity, exchange of social favours, and

exchange of affection according to implicit rules. Face reflects the pattern of orientation in an interpersonal and hierarchical connection and in social behaviors to enhance one's public image and to avoid losing reputation. Zhang and Bond (1998) provide evidence that these Chinese individual difference dimensions supplement the universal five-factor model of personality in predicting social outcomes like filial piety. In the context of negotiation, we propose that these Chinese norm-specific characteristics may be especially predictive of negotiation behaviors and outcomes among Chinese negotiators.

Most specifically, we expect that harmony, face, and *Ren Qing* will affect opening offers and economic gains in negotiations among Chinese. Those with high levels of harmony will be more likely to want to avoid conflict, which is difficult to do if one puts an extreme opening offer on the table. Face indicates important social capital and signals one's position in social networks (Earley, 1997; Graham and Lam, 2003; Ting-Toomey, 1988). Negotiators with high concern for face are more likely to feel the obligation of offering face to the other party by showing good will. Individuals with high levels of *Ren Qing* believe that long-term relationships are more important than those who have low levels of *Ren Qing*. Therefore, negotiators with high levels of *Ren Qing* would feel more obligation and responsibility to establish and maintain a relationship while making the opening offer than would those with low levels of *Ren Qing*. This social responsibility would lead to a more moderate opening offer that favors the other party.

In a similar way to the dynamics related to extraversion and agreeableness in the Chinese culture, there are also individual variations in terms of concern for harmony, face, and *Ren Qing* among Americans. A considerable amount of research in Western contexts has explored group cohesiveness (Cartwright, 1968), image and identity (Schlenker and Weigold, 1992), reputation (Dutton and Dukerich, 1991), and social reciprocity (Axelrod, 1976; Cialdini, 1993), which carry conceptual meanings akin to harmony, face, and *Ren Qing*. However, we argue that the social norms embedded in the American culture are not salient enough for these factors to make a difference in distributive negotiations. The dynamics related to harmony, face, and *Ren Qing* among Chinese negotiators will not be significantly distinct among American negotiators. Therefore, we hypothesize that culture moderates the effects of harmony, face, and *Ren Qing* on distributive bargaining:

Hypothesis 3a: Chinese negotiators, who have higher concern for harmony, face, and Ren Qing *will make lower opening offers than those who have lower concern for harmony, face, and* Ren Qing. *This relationship will not be significant among American negotiators.*

Hypothesis 3b: Chinese negotiators, who have higher concern for harmony, face, and Ren Qing *will have lower economic gain than those who have lower concern for harmony, face, and* Ren Qing. *This relationship will not be significant among American negotiators.*

METHOD

We conducted two studies to test the hypotheses. In Study 1, we collected data from a distributive negotiation simulation conducted in the USA and Taiwan. In Study 2, we examined the individual difference dimensions salient among Chinese in a US sample using the same negotiation simulation. Participants in both studies participated in the negotiation as part of the activities of MBA courses on negotiation. In these classes, results from the simulated negotiations affected the students' final grades, but this effect was fairly small because all the simulations in the course contributed to 10% of the total course grade. The simulation used in this study was one of several simulations conducted in each course.

Study 1

Participants. Participants were 378 graduate students of management in the USA and 244 Chinese graduate students of management. Hofstede (1993) uses the term 'overseas Chinese' to refer to Chinese people living outside the Chinese mainland, including Taiwan, Hong Kong, and Singapore. In this paper, we use the term 'Chinese cultural context' to refer to the broad areas of the Chinese mainland, Taiwan, Hong Kong, and Singapore. We use 'Chinese' to refer to all peoples living in these areas influenced by the Confucian tradition. To allow comparison of results based on cultural orientation, we excluded all negotiating pairs in the US sample that included one or more parties who were not US citizens. From both the US and Chinese samples, we also excluded pairs that did not report complete information. The final sample included 196 pairs (392 total participants). The average age of the US participants was 25.76 (SD = 2.36) and 23.67% were female. The average age of the Chinese participants was 28.25 (SD = 7.95) and 36.89% were female. Age and gender were not found to be significantly related to any of the major variables in this study.

Procedure. We used a two-party distributive negotiation exercise called Mapletech-Yazawa (Sebenius, 1993). At each of the locations, the participants were randomly formed into pairs, and one member of each pair was assigned to the role of buyer and one to the seller of a motorcycle part. All aspects of the deal were set other than price. Consequently, the simulation was set up to be a purely distributive negotiation. We provided confidential information to each person about his or her situation and asked each person to formulate a plan for the negotiation. The sellers were told that some new machines in their production facility would remain unused during the upcoming year unless this deal was made. This potential deal offered them a chance to make a profit if they sold the parts for more than $10 a unit (which equaled the variable cost of labor and materials for each unit produced). The buyers were told that they had to buy these parts in order to meet

their contractual obligations with a third party. Buyers had one other available source for these parts, at a cost of $35 per unit. These parameters defined the best alternative to a negotiated agreement (BATNA) for each side, and thus their likely reservation prices, at $10 and $35, created a wide zone of potential agreement. They were then given time to negotiate, which took from 10 to 40 minutes. Once the negotiators agreed on a price for each unit, they reached a settlement. The participants were asked to record their target prices, which person made the first offer, the amount of that first offer, the amount of the counter-offer, and the final agreed-upon price. Two pairs among the American and five pairs among the Chinese participants were unable to reach agreements, and their final economic gains were treated as missing data.

Study 2

In Study 2, we collected data from 90 American students to examine whether our findings on the Chinese individual difference dimensions of harmony, face, and *Ren Qing* were applicable to American negotiators. Participants were MBA students holding US citizenship. The average age was 31.50 (SD = 5.15), 20% were female, and 90% were Caucasian. These participants were randomly assigned into 45 pairs and participated in the same negotiation simulation as described in Study 1 (Sebenius, 1993). All pairs were able to reach a deal at the end of the negotiation, which took them 10 to 40 minutes. Age and gender were not significantly associated with our study variables.

Measures

The five-factor model of personality. Goldberg's (1992) unipolar 'Big Five' instrument was used to assess extraversion, agreeableness, conscientiousness, emotional stability, and openness to experience within the American population. With the Chinese participants, we used the Chinese version of NEO-PI-R (Costa and McCrae, 1992, obtained from Psychological Assessment Resources, 2001). Although these are two separate measures of the five-factor model, they provide conceptually equivalent measures of personality. Goldberg (1999) reported correlations averaging 0.94 (corrected for attenuation) between the two measures and concluded that the Goldberg scale and the NEO-PI-R scale share substantial common variance. There is evidence from a number of meta-analyses, such as Judge, Bono, Ilies and Gerhard (2002) on leadership and Barrick, Mount and Stewart (1998) on job performance, showing consistency of results with different personality measures, including Goldberg's instrument and NEO-PI-R. To verify that the two versions of the five-factor scales tap the same constructs from our data, we checked the two correlation matrices among the five factors in our sample (Table 1). To test for the equality between the two sets of ten correlation coeffi-

Table 1. Correlation matrices among the five-factor model

American (Goldberg)	*1*	*2*	*3*	*4*
1. Extraversion				
2. Agreeableness	0.23*			
3. Conscientiousness	0.09	0.22**		
4. Emotional stability	0.11	0.08	0.24**	
5. Openness to experience	0.32**	0.23**	0.15	–0.02
Chinese (NEO-PI-R)				
1. Extraversion				
2. Agreeableness	0.27*			
3. Conscientiousness	0.07	0.21**		
4. Emotional stability	0.10	0.11	0.23*	
5. Openness to experience	0.30**	0.22**	0.12	0.04

Notes: $n = 190$ for American, $n = 202$ for Chinese. *$p < 0.05$; **$p < 0.01$.

cients from the two independent samples, we conducted z-tests as described by Cohen and Cohen (1983). Results did not show significant differences between the two scales, which lends confidence that, in our data, the two scales measure the same personality constructs.

Harmony, face, and Ren Qing. The three aspects of the individualized Chinese cultural norms – harmony, face, and *Ren Qing* – were measured using scales from the Chinese Personality Assessment Inventory (CPAI) developed by Cheung and colleagues (Cheung et al., 1996, 2001). Participants completed these measures in their native language (i.e. Americans used the English version; Chinese used the Chinese version). Both versions have been translated, back-translated, tested, and retested, and the validity and reliability have been established by the developers of the CPAI (Cheng et al., 1996, 2001).

Target, offers, counter-offers, economic gain, and distance between offers. Instead of using the raw dollar values, we converted the target price, opening offers, counter-offers, and economic gain into the relative distance from the offer-maker's best alternative to the negotiated agreement (BATNA). For example, a seller's target of $40 per unit was coded as 30 ($40–$10) while a buyer's target of $20 was coded as 15 ($35–$20). This conversion was also applied to the opening offer, the counter-offer, and economic gain. For example, we standardized a seller's opening offer of $38 as 28 ($38–$10) and a buyer's opening offer of $16 as 19 ($35–$16). We standardized a buyer's counter-offer of $20 as 15 ($35–$20), a seller's counter-offer of $32 as 22 ($32–$10). This standardization gives us a common scale to analyse the extremes of targets, opening offers, counter-offers, and economic gain. Distance between

offers is operationalized as the difference between the opening offer and the counter-offer, i.e. the absolute value of the difference between the opening offer and the counter-offer. The smaller the difference, the more a responder was influenced by the opening offer, indicating that he or she was more heavily influenced by the opener's initial offer.

Aspirations as a control variable. Controlling for aspiration is critical since there are two possible explanations for the greater tendency of Chinese to make counter-offers that are closer to the opening offer. Our theory suggests that this occurs because Chinese are more likely to pay close attention to the other negotiator, making the Chinese responders more susceptible to influences from the openers. An alternative theory is that Chinese have lower aspirations for themselves in negotiation; their lower counter-offers simply reflect these lower aspirations. Controlling for aspirations[2] ensures that any cross-cultural differences in aspirations are not driving the outcome. Aspiration was measured by asking participants to record their target prices, or the price that they would like to settle. In our samples, the mean aspiration levels for Chinese and American subjects (both openers and responders) are not significantly different, and the mean levels of opening offers are also not significantly different, making it unlikely that cultural differences in aspirations are determining cultural differences when counter-offers are close to opening offers.

RESULTS

Tables 2 and 3 present the means, standard deviations, and correlations among the testing variables for American and Chinese participants in Study 1. Tables 2 and 3 present data by openers and responders, respectively. Mean aspirations and opening offers are very similar between the American and Chinese subjects (the mean aspiration is 15.36 for American and 16.33 for Chinese, $t = 0.93$, df (degrees of freedom) = 196, $p > 0.50$). Economic gains were also similar, with the mean economic gain of 13.11 for American buyers and the mean economic gain of 11.38 for Chinese buyers ($t = 1.42$, df = 196, $p > 0.10$), and the mean economic gain of 11.89 for American sellers and the mean economic gain of 13.82 for Chinese sellers ($t = 0.56$, df = 196, $p > 0.10$).

Hypothesis 1a predicts that counter-offers made by Chinese responders are significantly closer to the opening offer than are counter-offers made by American responders. We used regression analysis to test this hypothesis. To test for distance between the counter-offer to the opening offer, we regressed (Table 4, Step 1) the counter-offer on the opening offer along with a control for aspiration (discussed below). The coefficient for the opening offer indicates the degree to which the counter-offer was influenced by the opening offer. To assess whether the impact of the opening offer on the counter-offer was different for Chinese than for Ameri-

Table 2. Means, standard deviations, and inter-correlations for openers

American	*Mean*	*SD*	*1.*	*2.*	*3.*	*4.*	*5.*			
1. Aspiration	15.22	6.02	–							
2. Opening offer	21.89	7.82	0.61***	–						
3. Extraversion	6.04	1.15	–0.11	–0.11	(0.88)					
4. Agreeableness	6.88	0.78	–0.03	–0.04	0.24**	(0.83)				
5. Economic gain	12.37	5.60	0.55***	0.29**	–0.18*	–0.08	–			
Chinese										
1. Aspiration	17.39	7.06	–							
2. Opening offer	19.01	6.73	0.57***	–						
3. Extraversion	5.92	1.34	0.09	–0.11	(0.85)					
4. Agreeableness	6.96	0.67	–0.01	–0.04	0.27**	(0.79)				
5. Economic gain	13.28	5.81	0.52***	0.70***	–0.11	–0.06	–			
6. Harmony	8.15	1.82	–0.04	0.09	0.01	0.19*	–0.09	(0.73)		
7. Face	6.17	2.21	–0.12	–0.17*	–0.09	–0.15	–0.08	–0.00	(0.73)	
8. *Ren Qing*	7.53	1.99	0.05	–0.16*	0.06	–0.00	–0.11	0.01	0.11	(0.70)

Notes: For American openers, $n = 95$, including 42 buyers and 53 sellers. For the Chinese openers, $n = 101$, including 29 buyers and 72 sellers; *$p < 0.05$; **$p < 0.01$; ***$p < 0.001$.
Values in parentheses are alpha coefficients.

cans, we added (Table 4, Step 2) an opening offer X culture (Chinese = 0, American = 1) interaction term. The coefficient for the interaction term was significant, indicating that the impact of the opening offer on the counter-offer was significantly different between cultures. Specifically, American responders were more likely to provide counter-offers that were farther apart from the opening offers, therefore were less influenced by the opening offers than were the Chinese negotiators, supporting H1a.

To test H1b, that the opening offer has a greater impact on economic gain among Chinese negotiators than among American negotiators, we examined the correlations between opening offers and economic gains[3] for the American and Chinese samples separately. Table 2 indicates that the correlation was 0.29 between opening offers and economic gains among the Americans and it was 0.70 among the Chinese openers. Both were significant ($p < 0.001$), but the correlation was significantly higher for Chinese than for American negotiators ($Z = 1.92$, $p = 0.05$, two-tailed; Cohen and Cohen, 1983), supporting H1b. To test this hypothesis further, we also regressed a culture interaction term (Chinese = 0, American = 1) on the opener's economic gain, and the result was significant (coefficient was –0.37, $p < 0.01$), supporting our hypothesis that the effect of the opening offer on economic gain is greater for Chinese than for Americans. Since this analysis was of the effect of opening offer on economic gain for the party making the opening offer, thus it included only half of the sample who made the opening offer.

Table 3. Means, standard deviations, and inter-correlations for responders

	Mean	*SD*	*1.*	*2.*	*3.*	*4.*	*5.*				
American											
1. Aspiration	15.22	5.77									
2. Offer distance	15.80	7.82	0.31**								
3. Counter-offer	12.56	8.04	0.28**	0.77***							
4. Extraversion	6.39	1.08	−0.11	−0.19*	−0.23**	(0.89)					
5. Agreeableness	6.62	0.93	−0.03	−0.18*	−0.25**	0.20*	(0.82)				
6. Economic gain	12.18	4.33	0.55***	0.03	0.09	−0.31*	−0.08	–			
Chinese											
1. Aspiration	16.11	6.36	–								
2. Offer distance	9.15	7.13	0.37**	–							
3. Counter-offer	9.38	7.55	0.30**	0.79***	–						
4. Extraversion	6.07	1.34	0.08	−0.11	−0.09	(0.86)					
5. Agreeableness	6.91	0.67	−0.01	−0.04	−0.06	0.20*	(0.78)				
6. Economic gain	12.97	5.81	0.53***	0.15*	0.11	−0.31*	−0.08	–			
7. Harmony	8.42	1.82	−0.04	0.09	0.07	0.01	0.18*	−0.17*	(0.75)		
8. Face	6.18	2.25	−0.12	−0.10	−0.19*	−0.05	−0.10	−0.16*	−0.03	(0.72)	
9. *Ren Qing*	7.49	2.07	0.05	−0.11	−0.18*	−0.07	−0.02	−0.19*	0.02	0.10	(0.70)

Notes: For American responders, $n = 95$, including 42 sellers and 53 buyers. For Chinese responders, $n = 105$, including 29 sellers and 76 buyers. *$p < 0.05$.; **$p < 0.01$; ***$p < 0.001$; values in parentheses are alpha coefficients.

Table 4. Regression analysis predicting counter-offer

	Step 1	*Step 2*
Responder aspiration	0.29***	0.25***
Opening offer	0.57***	0.52***
Responder culture (Chinese = 0; American = 1)		0.26***
Opening offer X responder culture		0.18*
ΔR^2		0.12
ΔF		25.56***
Adjusted R^2	0.63	0.75
F for adjusted R^2	140.22***	114.66***
Standard error	0.21	0.17
d.f.	2,194	4,192

Notes: ***$p < 0.001$; *$p < 0.05$, two-tailed.

Hypothesis 2 predicts that extraversion and agreeableness have less influence on Chinese than on American subjects in determining the distance between the opening offer and counter-offer. To test this hypothesis, we regressed the counter-offers on a three-way interaction of opening offer X personality (extraversion or agreeableness among responders) X culture (Chinese = 0, American = 1) (see Table 5, step 2), again controlling for aspiration. For both extraversion and agreeableness, these three-way interactions were significant, supporting H2. To enhance interpretability, we performed additional analysis using scores for the distance between the opening offers and the counter-offer as the dependent variable. This allowed us to construct the model using two-way interactions, controlling for aspiration and opening offer (in order to account for the fact that the extremeness of an opening offer constrains the possible distance between the opening offer and the counter-offer). Results of these models are the basis for Figures 1, which show the larger effect that agreeableness and extraversion have on the distance between the counter-offer to the opening offer among Americans subjects compared with the Chinese subjects. The high and low groups were created by one degree of standard deviation above or below the mean. Another way to assess H2 is to look at the effects of extraversion and agreeableness on the counter-offers. Table 3 shows that, among responders, extraversion and agreeableness were negatively correlated with the counter-offers (–0.23, –0.25, both $p < 0.01$), but not among Chinese (–0.09, –0.06, n.s.).

Next, we examined the impact of the Chinese individual difference dimensions on the Chinese negotiators (H3a and H3b). As shown in Table 2, face and *Ren Qing* correlated negatively with the opening offer ($r = -0.17, -0.16$, $p < 0.05$), supporting H3a. There was no significant relationship between harmony and the opening offer. The correlations between economic gain, and harmony, face, and *Ren Qing* were not conclusive, looking at the sample split by openers and respon-

Table 5. Three-way interactions of culture, personality, and opening offer in predicting counter-offer

	Extroversion		*Agreeableness*	
	Step 1	*Step 2*	*Step 1*	*Step 2*
Responder aspiration	0.25***	0.23***	0.26***	0.21***
Opening offer	0.53***	0.51***	0.48***	0.45***
Responder personality	–0.06	0.04	0.04	0.03
Responder culture (Chinese = 0; American = 1)	0.25***	0.35***	0.27***	0.30***
Opening offer X personality	–0.16*	–0.15*	–0.12*	–0.16*
Opening offer X culture	0.15*	0.18*	0.15*	0.14*
Personality X culture	–0.25**	–0.22**	–0.21**	–0.27**
Culture X personality X opening offer		–0.28**		–0.33***
ΔR^2(3-way interaction)		0.06		0.07
ΔF(3-way interaction)		7.23*		32.58**
Adjusted R^2	0.67	0.73	0.65	0.72
F for adjusted R^2	99.38***	92.15***	104.50***	71.92***
Standard error	0.17	0.19	0.12	0.17
df	7,189	8,188	7,189	8,188

Notes: ***p < 0.001; **p < 0.01; *p < 0.05, two-tailed.

ders. Given prior findings that showed differing effects for buyers and sellers (e.g. Graham, Mintu and Rogers, 1994); we analysed these two groups separately. For sellers, harmony, face, and *Ren Qing* were not significantly associated with the economic gain. But for buyers, the concern for harmony and *Ren Qing* was negatively correlated with economic gain ($r = -0.17$ and -0.15 respectively, both $p \leq 0.05$), providing partial support for H3b. The expected effects occur for buyers but not for sellers. Study 2 data show that, among American subjects, harmony, face, and *Ren Qing* were not significantly correlated with any of the tested variables, both when split in terms of openers and responders, and when split in terms of buyers and sellers.[3] To further confirm that there is a cultural difference in the impact of harmony, face, and *Ren Qing*, we combined data from Studies 1 and 2 and tested the interaction between culture and these three individualized cultural norm variables. Table 6 reports the result of a model where the counter-offer is regressed on the interaction between opening offer X responders individualized cultural norms (harmony, face, *Ren Qing*) X culture (Chinese = 0, American = 1), controlling for aspirations. The three-way interaction term is significant, indicating that culture moderates the effects of Chinese cultural norms on the closeness of the counter-offer. To enhance interpretability, we conducted additional analysis using scores for the distance between the opening offer and the counter-offer as the

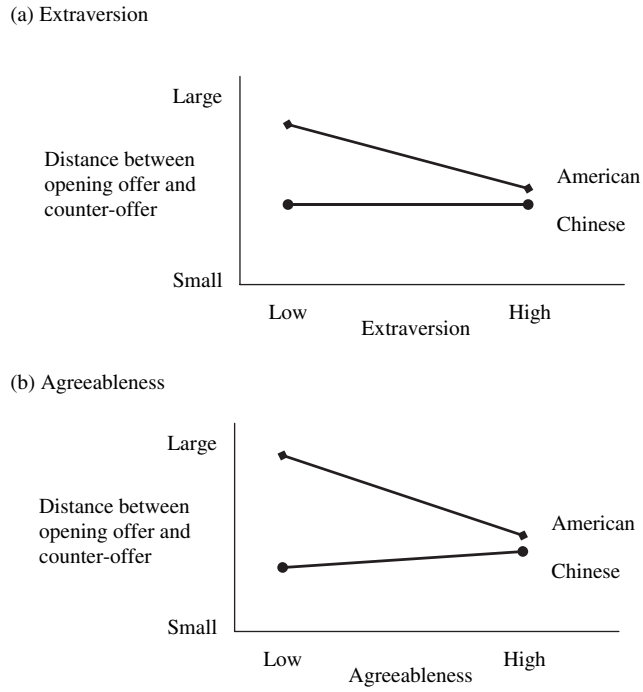


Figure 1. Interactions between culture and personality in predicting the distance between opening offer and counter-offer for responders

Note: The larger the distance between opening offer and counter-offer, the less influence responders experienced from the opening offer.

dependent variable. This allowed us to construct the model using two-way interactions, controlling for aspiration and extremeness of opening offer. Results of these models are the basis for Figure 2, which shows the interaction between national culture and each of the individualized cultural norms on the distance between counter-offer and opening offer. More distance indicates that the counter-offer is less influenced by the opening offer. These results further corroborate culture's moderating impact on the relationship between harmony, face, and *Ren Qing* and the dynamics in distributive bargaining.

Table 7 reports the results on H3b using the buyer's economic gain as the dependent variable. It is regressed on the interaction of the responder's characteristics (harmony, face, *Ren Qing*) X culture (Chinese = 0, American = 1). Figure 3 depicts the specific nature of the interactions for each of the three individualized cultural norm variables. These interaction terms are all significant, suggesting that culture moderates the effects of individualized Chinese cultural norms on the buyer's economic gains. These results confirm the hypotheses that harmony, face, and *Ren Qing* are more relevant individual characteristics for Chinese than for American negotiators.

Table 6. Three-way interactions of culture, individualized cultural norm, and opening offer in predicting counter-offer

	Harmony		*Face*		Ren Qing	
	Step 1	*Step 2*	*Step 1*	*Step 2*	*Step 1*	*Step 2*
Responder aspiration	0.32***	0.30***	0.30***	0.24***	0.33***	0.31***
Opening offer	0.51***	0.49***	0.50***	0.50***	0.53***	0.46***
Responder individualized cultural norm	–0.18*	0.05	–0.22*	0.02	–0.17*	0.06
Culture (Chinese = 0; American = 1)	0.25**	0.22**	0.21**	0.55***	0.22**	0.48***
Opening offer X individualized cultural norm	–0.21**	–0.27**	–0.24**	–0.28**	–0.22**	–0.20**
Opening offer X culture	0.23**	0.19*	0.20**	0.23**	0.20**	0.18*
Individualized cultural norm X culture	–0.20**	–0.24**	–0.35***	–0.31***	–0.35***	–0.30**
Culture X individualized cultural norm X opening offer		–0.17*		–0.29**		–0.33**
ΔR^2 (3-way interaction)		0.09		0.09		0.11
ΔF (3-way interaction)		9.31		9.76		10.85
Adjusted R^2	0.18	0.27	0.46	0.55	0.46	0.57
F for adjusted R^2	95.04	85.73***	79.01	69.25***	74.51	63.66***
Standard Error	0.15	0.07	0.16	0.11	0.12	0.09
df	7,140	8,139	7,140	8,139	7,140	8,139

Notes: ***$p < 0.001$; **$p < 0.01$; *$p < 0.05$.

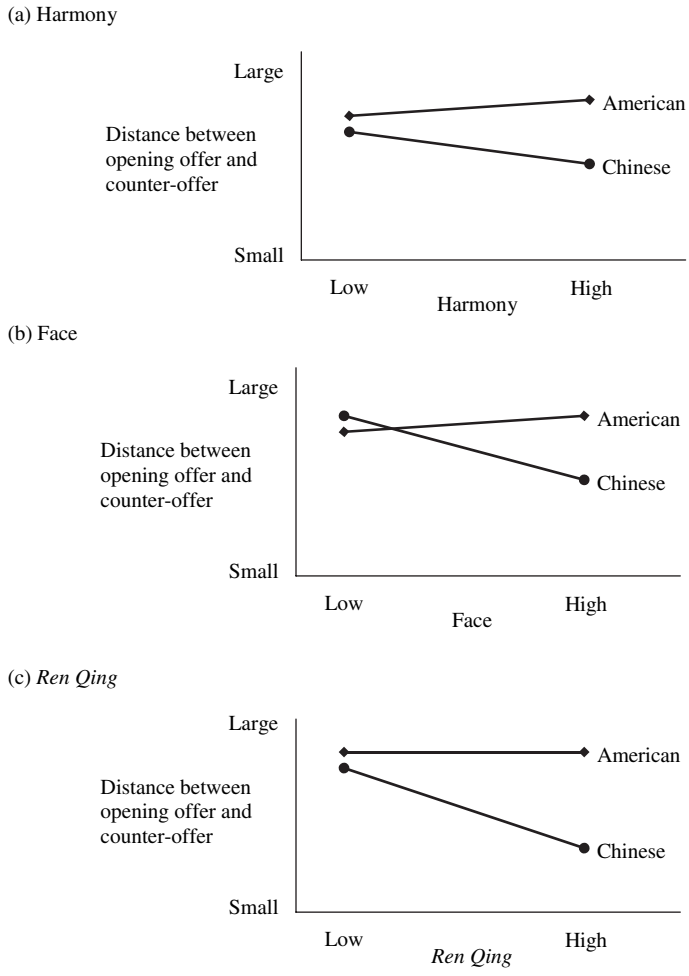


Figure 2. Interactions between culture and harmony, face, and *Ren Qing* in predicting the distance between opening offer and counter-offer

Note: The larger the distance between opening offer and counter-offer, the less influence responders experienced from the opening offer.

DISCUSSION

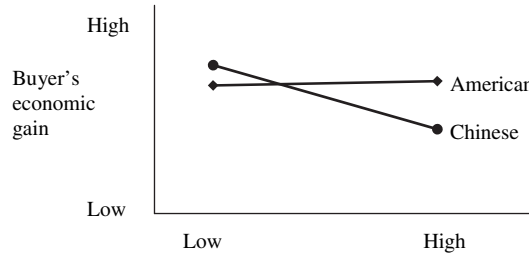
We studied the impact of culture on the relationship between individual characteristics and distributive negotiation. First, our results highlight that cultural differences do have an impact on the dynamic process of distributive bargaining. Chinese subjects within our sample were more vulnerable to being influenced by the other party's opening offers than were American subjects. Second, our results show a culture-specific pattern of individual difference effects; extraversion and agreeableness did not enhance the risk of being influenced by opening offers among Chinese as they did among American subjects. Thus, culture indeed

Table 7. Two-way interactions between culture and individualized cultural norms in predicting buyer's economic gain

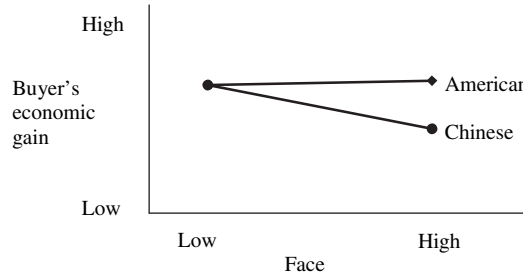
	Harmony	*Face*	Ren Qing
Opening offer	0.38***	0.39***	0.41***
Buyer's individualized cultural norm	0.05	–0.02	–0.04
Culture (Chinese = 0; American = 1)	–0.55***	–0.23*	–0.60***
National culture X individualized cultural norm	–0.51***	–0.22*	–0.44***
Model R^2 adjusted	0.35	0.17	0.49
F for adjusted R^2	78.56***	97.82***	85.37***
Standard Error	0.09	0.12	0.11
df	4,143	4,143	4,143

Notes: ***p < 0.001; **p < 0.01 *p < 0.05.

(a) Harmony



(b) Face



(c) *Ren Qing*

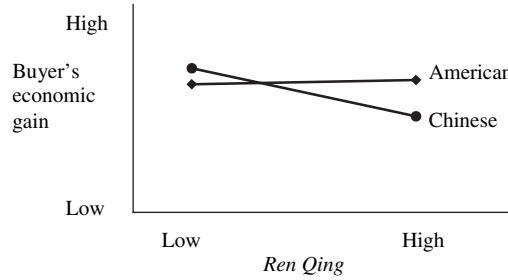


Figure 3. Interactions of culture and harmony, face, and *Ren Qing* in predicting buyer's economic gain

appears to moderate the effects of these individual difference dimensions on negotiation. Third, we found that what is relevant for Chinese negotiators is the strength of Chinese cultural norms, not personality. Face and *Ren Qing* were associated with less-extreme opening offers, while harmony and *Ren Qing* were associated with lower economic gain among Chinese buyers. Moreover, these cultural norms are not predictive of negotiating behaviors among American negotiators. Thus, predictors of negotiating behavior vary by culture. For American negotiators, personality is key; for Chinese negotiators, strength of individualized cultural norms is key. This suggests that, in studying negotiation across cultures, we may find fundamentally different drivers of these behaviors. An accurate understanding of negotiation requires measures that match the cultural context.

The implications of these findings for the study of negotiation are clear. We cannot assume that findings based on interactions within one cultural context will be predictive of results in other cultural contexts. The basic dynamics of negotiation in one culture may be different in another culture characterized by relationship-oriented social norms. This finding is consistent with an emerging literature on negotiation and dispute resolution in different cultures. Differences in negotiation strategies, judgement biases, and conflict-management styles have been found in comparisons of US negotiators with those in Germany and Japan (Tinsley, 2001), Greece (Gelfand and Christakopoulou, 1999), and Mexico (Gabrielidis, Stephan, Yabarra, Dos Santos Pearson and Villareal, 1997). The more we study negotiation outside the USA, the more it becomes clear that some aspects of negotiation are shaped by culture, context, and social norms.

Our study also has implications for the study of personality across cultures. The universal presence of the Big Five personality factors as an etic measure of personality leads some scholars to argue that the Big Five factors are a viable measure of personality across cultures (e.g. McCrae and Costa, 1997). Our study suggests that even though we and others could successfully reproduce the Big Five personality dimensions among Chinese, these were not the individual difference dimensions that really made a difference among Chinese negotiators. The individual characteristic dimensions in our Chinese sample that influenced negotiation processes and outcomes were individual difference dimensions having to do with the internalization of the social norm. Agreeableness and extraversion do exist as personality constructs among Chinese, but what matters in negotiation are harmony, face, and *Ren Qing*. This result is consistent with Zhang and Bond's (1998) conclusion that Western models of personality are often unable to explain adequately phenomena that are uniquely important to non-Westerners. As Markus and Kitayama (1998) put it, although the factor structure of the Big Five dimensions can be replicated in many cultures, it does not tell us whether those personality dimensions adequately represent the entire range of the lived experience of all the peoples. Our findings on individual differences and negotiation further challenge assumptions about the universality of principles and functioning of person-

ality measures and call for more exploration of the context-bound aspect of individual differences.

At a practical and universal level, our findings reinforce some of Barry and Friedman's (1998) suggestions. They suggest that negotiators may need to be aware of their individual characteristics, so that they can anticipate areas of weakness, or even decide to have others negotiate for them. In the US context, those with high levels of extraversion and agreeableness need to be cautious; in the Chinese context those with high levels of harmony, face, and *Ren Qing* need to be cautious, at least when dealing with distributive negotiations.

We should also mention several limitations of this study. First, our research does not address cross-cultural differences in integrative negotiations. We focused on distributive negotiations because that is the setting where Barry and Friedman (1998) found effects for personality on negotiation, but future research should examine potential cross-cultural differences in integrative negotiations. Second, our study has been comparative rather than intercultural. We examine differences between Chinese negotiators and between American negotiators, but we do not examine negotiations between Chinese and American negotiators. We can only speculate about intercultural negotiations. It may be that the kind of social engagement with the other party that we believe is strong among Chinese might be diminished when Chinese people negotiate with Americans or other out-group members. In that case, agreeableness and extraversion may show effects that are not seen when Chinese negotiate among themselves. Indeed, this would examine the pattern of Adair, Okumara and Brett's (2001) finding that Japanese negotiators vary their tactics based on whether the other party is Japanese or not, while Americans do not respond to the cultural background of the other party. Beyond such speculation, however, more research is needed to find out about the effects of culture when Chinese and American negotiators meet across the negotiating table. One other limitation is that we used two different measures for the Big Five personality factors in this study. Although other researchers and our data show a close equivalence between the two measures, a replication of our study using the same measure could further corroborate our findings.

Despite these limitations, this paper advances our understanding of distributive negotiations by highlighting ways in which different factors affect negotiations in different cultures – personality in the US and strength of cultural norms in Chinese culture. These findings should advance the study of negotiation in China by directing some attention towards constructs that are embedded in the Chinese culture, such as harmony, face, and *Ren Qing*.

NOTES

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[1] We use the term Americans to refer to people from the United States of America.

[2] One caution about this finding is that we measured aspiration at the end of the negotiation, therefore the negotiation and/or the outcome may have biased our measure of aspiration. We measured aspiration this way because the alternative – asking about aspirations before the negotiation – also has risks. The risk of that approach is that the very asking of such a question may lead negotiators to become more locked into their goals, affecting the negotiation dynamics and final result.

[3] Note that in all analyses of economic gain, the sample has to be divided in such a way that two parties in a dyad are not included in the same analysis since economic gain for one side is the exact opposite of economic gain for the other side. Thus, the results for the two sides of a dyad are not independent of one another and cannot be included in the same analysis.

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