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International business negotiations

Guest Editors
Antonis Simintiras and Nina Reynolds

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International business negotiations: present knowledge and direction for future research

Nina Reynolds, Antonis Simintiras and Efi Vlachou

Keywords International business, Negotiating, National cultures, Research

Global companies increasingly rely on the effectiveness of business negotiations for their survival and growth. As an important business function for creating and maintaining successful relationships, international business negotiations during the last decade (1990-2000) have attracted considerable attention among researchers. Although these research efforts have shed light on several aspects of international business negotiations, there has been neither a comprehensive assessment of the knowledge gained, nor a systematic analysis of the issues that this research appears to have left unexplored. It is the purpose of this study to provide a thorough review of the publications on international business negotiations generated in the last decade, identify trends, assess where the discipline currently is and where it might be going.

Social capital and the dynamics of business negotiations between the northern Europeans and the Chinese

Rajesh Kumar and Verner Worm

Keywords Negotiating, China, Interaction, National cultures, International business

The paper assesses the impact of social capital on the dynamics of Sino-northern European business negotiations. It is argued that, while conflicting negotiation styles create interactional difficulties between the Chinese and the northern Europeans, the impact of the interactional difficulties on the processes and outcomes of negotiations is critically dependent on the preexisting level of social capital among the negotiators. Social capital has three major components, namely cognitive, relational, and structural. The cognitive dimension highlights the level of shared understanding among the actors; the relational dimension focuses on the affective bonding among the actors; while the structural dimension highlights the nature of interconnectedness among the actors. This is an exploratory study conducted through in-depth interviews with 24 northern Europeans and 15 Chinese managers who have been negotiating with each other for several years. We highlight the linkages between the different dimensions of social capital and negotiation processes and outcomes and conclude with implications for research and practice.

Negotiation approaches: direct and indirect effect of national culture

Xiaohua Lin and Stephen J. Miller

Keywords Negotiating, National cultures, USA, China, Joint ventures

The focus of the study is on direct and indirect effects of national culture on negotiation behavior in international business. It argues that negotiation approach is conditioned primarily by relational contextual variables, e.g. relationship commitment and relative power, that national culture exerts direct influence on the preferences for negotiation approaches, and that national culture also has indirect influence in the choice of negotiation approaches while interacting with relational contexts. The hypotheses are tested among samples of American and Chinese joint venture managers in China. The study findings, especially those on the interaction between national culture and relational contextual variables, afford important theoretical and managerial implications.

A comparative analysis of sales training in Europe: implications for international sales negotiations

Sergio Román and Salvador Ruiz

Keywords Europe, National cultures, Sales training, Performance, International trade, Negotiating

When negotiation parties belong to different cultures, training can either increase or

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decrease negotiation differences in order to decrease or increase, respectively, the likelihood of achieving successful sales encounters and long-term relationships. This study analyses sales training implementation practices of 128 northern European (the UK, The Netherlands and Finland) and 160 southern European (Spain and Portugal) small and medium-sized companies (SMEs). The authors argue that these two groups of countries have different cultural characteristics, and hence, different sales training practices are expected. As a result, differences have been found in terms of the quantity and the cost of the training as well as the subsidisation of the training. Moreover, differences in terms of sales training methods seem to be greater than in training content. Additionally, the subsidisation of the training, as well as certain training methods, have different effects on salespeople performance in northern and southern European countries. The implications of the findings for international sales negotiations are discussed, and additional research is suggested.

French abstracts

Négociations commerciales internationales: connaissances actuelles et directions à suivre pour les recherches futures

Nina Reynolds, Antonis Simintiras et Efi Vlachou

Mots-clés Commerce international, Négociations, Cultures nationales, Publications

Les entreprises mondiales se fient de plus en plus à l'efficacité des négociations commerciales pour leur survie et leur croissance. En tant que fonction commerciale importante pour la création et le maintien de rapports fructueux, les négociations commerciales internationales entreprises au cours de la dernière décennie (1990-2000) ont attiré beaucoup d'attention de la part des chercheurs. Bien que ces efforts de recherche aient permis d'éclaircir divers aspects des négociations commerciales internationales, les connaissances retirées n'ont pas été évaluées de manière complète et les questions que cette recherche semble avoir négligé d'explorer n'ont donné lieu à aucune analyse systématique. L'étude que voici a pour but d'examiner de manière approfondie les publications existantes sur les négociations commerciales internationales engendrées au cours de la dernière décennie, d'identifier les tendances, d'évaluer la situation dans laquelle se trouve la discipline à l'heure actuelle et la direction qu'elle est susceptible de suivre.

Capital social et la dynamique des négociations commerciales entre les Nord-Européens et les Chinois

Rajesh Kumar et Verner Worm

Mots-clés Négociations, Chine, Interaction, Cultures nationales

L'article évalue l'impact du capital social sur la dynamique des négociations commerciales entre la Chine et l'Europe du Nord. Il postule comme suit: tandis que les styles de négociation contradictoires créent des difficultés d'interaction entre les Chinois et les Nord-Européens, l'impact des difficultés d'interaction sur les processus et les résultats des négociations dépend fortement du niveau préexistant de capital social auprès des négociateurs. Le capital social comprend trois composantes principales: cognitive, relationnelle et structurelle. La dimension cognitive met en évidence le niveau de compréhension partagée par les acteurs; la dimension relationnelle se concentre sur les liens affectifs entre les acteurs; la dimension structurelle décrit la nature de l'interconnexion auprès des acteurs. Il s'agit ici d'une étude d'exploration fondée sur des interviews approfondis auprès de 24 directeurs nord-européens et 15 directeurs chinois, ayant négocié les uns avec les autres pendant plusieurs années. Nous soulignons les rapports qui existent entre les différentes dimensions du capital social et les processus et résultats des négociations; pour terminer, nous indiquons les implications que cela représente pour les recherches et la pratique.

Méthodes de négociation: effet direct et indirect de la culture nationale

Xiaohua Lin et Stephen J. Miller

Mots-clés Négociations, Culture nationale, États-Unis, Chine, Sociétés en participation

L'article traite des effets directs et indirects de la culture nationale sur le comportement de négociation dans les affaires internationales. Il postule que la méthode de négociation est surtout conditionnée par des variables contextuelles relationnelles, p.ex. l'engagement dans le rapport et le pouvoir relatif, que la culture nationale exerce une influence directe sur les préférences pour certaines méthodes de négociation, et que la culture nationale exerce également une influence indirecte sur le choix de la méthode de négociation, tout en interagissant avec les contextes relationnels. Les hypothèses sont mises à l'essai auprès d'échantillons de directeurs de sociétés en participation américaines et chinoises, établies en Chine. Les résultats de l'étude, surtout ceux qui ont trait à l'interaction entre la culture nationale

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et les variables contextuelles relationnelles, représentent des implications importantes pour la théorie et les directeurs d'entreprises.

Une analyse comparée de la formation à la vente en Europe: implications pour les négociations de vente internationales

Sergio Román et Salvador Ruiz

Mots-clés Européens, Cultures nationales, Formation à la vente, Performance, Commerce international, Négociations

Lorsque les parties négociantes appartiennent à des cultures différentes, leur formation peut augmenter ou diminuer les différences de négociation, afin de diminuer ou d'augmenter, respectivement, les chances d'obtenir des ventes fructueuses et des rapports à long terme. L'étude que voici analyse les pratiques de mise en oeuvre de la formation à la vente dans 128 entreprises de petite et moyenne envergure (PME) en Europe du Nord (Royaume-Uni, Pays-Bas et Finlande) et 160 entreprises de petite et moyenne envergure en Europe du Sud (Espagne et Portugal). Les auteurs postulent que ces deux groupes de pays ont des caractéristiques culturelles différentes et qu'il faut dès lors s'attendre à ce qu'ils aient des pratiques de formation à la vente différentes. En conséquence, des différences ont été découvertes dans la quantité et le coût de la formation donnée, ainsi que dans le subventionnement de cette formation. De plus, les différences dans les méthodes de formation à la vente semblent être plus importantes que dans le contenu de la formation. Aussi, le subventionnement de la formation et certaines méthodes de formation ont des effets différents sur la performance du personnel de vente dans les pays d'Europe du Nord et d'Europe du Sud. L'article discute les implications de ces résultats pour les négociations de vente internationales et suggère des propositions de recherche supplémentaires.

Spanish abstracts

Negociaciones comerciales internacionales: conocimiento actual y dirección para investigación futura

Nina Reynolds, Antonis Simintiras y Efi Vlachou

Palabras clave Negocio internacional, negociación, culturas nacionales, bibliografía

Las empresas globales dependen cada día más de la eficacia de las negociaciones comerciales para su supervivencia y crecimiento. Como función comercial importante para crear y mantener relaciones satisfactorias, las negociaciones comerciales internacionales durante la última década (1990-2000) han atraído una atención considerable entre los investigadores. Aunque estos esfuerzos de investigación han iluminado varios aspectos de las negociaciones comerciales internacionales, no se ha producido una evaluación completa del conocimiento obtenido, ni tampoco un análisis sistemático de las cuestiones que dicha investigación parece haber dejado sin explorar. El propósito de este estudio es proporcionar una revisión exhaustiva de las publicaciones sobre las negociaciones comerciales internacionales generadas durante la última década, identificar tendencias, evaluar dónde se sitúa actualmente la disciplina, y hacia dónde es posible que se dirija.

Capital social y la dinámica de las negociaciones comerciales entre los europeos del norte y los chinos

Rajesh Kumar y Verner Worm

Palabras clave Negociación, China, interacción, culturas nacionales

El trabajo evalúa el impacto del capital social sobre la dinámica de las negociaciones comerciales sino-europeas septentrionales. Se discute que, mientras los estilos conflictivos de negociación crean dificultades de interacción entre los chinos y los europeos del norte, el impacto de las dificultades de interacción sobre los procesos y los resultados de las negociaciones depende de manera crítica del nivel preexistente de capital social entre los negociadores. El capital social tiene tres componentes principales, es decir, el cognitivo, el relacional y el estructural. La dimensión cognitiva destaca el nivel de entendimiento compartido entre los actores; la dimensión relacional se enfoca en el vínculo afectivo entre los actores; y, la dimensión estructural pone de relieve la naturaleza de la interconectividad entre los actores. Éste es un estudio exploratorio realizado por medio de entrevistas en profundidad con 24 gerentes de la Europa septentrional y 15 gerentes chinos, que llevan varios años negociando entre sí. Destacamos los vínculos entre las diferentes dimensiones de capital social y los procesos y resultados de la negociación, y concluimos con implicaciones para la investigación y la práctica.

Planteamientos de negociación: efecto directo e indirecto de la cultura nacional

Xiaohua Lin y Stephen J. Miller

Palabras clave Negociación, cultura nacional, EE UU, China, empresas conjuntas

Este estudio se enfoca en los efectos directos e indirectos de la cultura nacional sobre el comportamiento negociador dentro del comercio internacional. Discute que el planteamiento negociador está condicionado primeramente por variables relacionales contextuales, por ejemplo, dedicación a la relación y poder relativo; que la cultura nacional ejerce una influencia directa sobre las preferencias en cuanto a planteamientos de negociación; y, que la cultura nacional también tiene una influencia indirecta sobre la elección de planteamientos de negociación mientras interactúa con contextos relacionales. Las hipótesis se ponen a prueba entre muestras de gerentes de empresas conjuntas americanas y chinas en China. Los descubrimientos del estudio, especialmente los relacionados con la interacción entre la cultura

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nacional y las variables relacionales contextuales, presentan importantes implicaciones teóricas y gestoras.

Un análisis comparativo de la formación en ventas en Europa: implicaciones para las negociaciones de ventas internacionales

Sergio Román y Salvador Ruiz

Palabras clave Europeo, culturas nacionales, formación en ventas, rendimiento, comercio internacional, negociación

Cuando las partes negociadoras pertenecen a diferentes culturas, la formación puede, bien aumentar o reducir las diferencias de negociación con objeto de reducir o aumentar, respectivamente, la posibilidad de lograr encuentros de ventas con éxito y relaciones a largo plazo. Este estudio analiza las prácticas de implementación de formación en ventas de 128 pequeñas y medianas empresas de la Europa septentrional (Reino Unido, Países Bajos y Finlandia), y de 160 del sur de Europa (España y Portugal). Los autores arguyen que estos dos grupos de países tienen diferentes características culturales, y por lo tanto, se esperan diferentes prácticas de formación en ventas. Como resultado, se encuentran diferencias en cuanto a la cantidad y el coste de la formación, así como en relación con la financiación de la formación. Asimismo, las diferencias en cuanto a los métodos de formación en ventas parecen ser más grandes que las relativas al contenido de dicha formación. Adicionalmente, la financiación de la formación, así como ciertos métodos de formación, tienen diferentes efectos sobre el rendimiento de los vendedores de los países de la Europa septentrional y del sur. Se discuten las implicaciones de los descubrimientos para las negociaciones de ventas internacionales, y se sugiere investigación adicional.

Japanese abstracts

国際ビジネス交渉に関する研究 : 現状および今後の課題

ニーナ・レイノルズ、アントニス・シミンティラス、エフィ・ブラチョウ

キーワード : 国際ビジネス、交渉、国民文化、文献

グローバル企業は、その生き残りと発展のためにビジネス交渉の有効性にますます依存するようになってきている。過去10年間 (1990～2000年)、良好な関係性を築き維持するための重要なビジネス機能として、国際ビジネス交渉に研究者の多大な関心が寄せられてきた。これらの研究成果によって国際ビジネス交渉のいくつかの側面に脚光が当てられたものの、それらの包括的な考査および看過されてきた未着手の研究課題の系統的な分析は未だになされていない。本論の目的は、過去10年間に発表された国際ビジネス交渉に関する文献の総合的レビューを提供し、その傾向を特定するとともに、本領域の現状の査定と今後の方向性を探るものである。

北ヨーロッパと中国の間における社会資本およびビジネス交渉の力学

ラジェス・クマール、ベルナー・ウォーム

キーワード : 交渉、中国、相互作用、国民文化

本論は、中国・北ヨーロッパ間のビジネス交渉の力学に与える社会資本の影響を考察する。相反する交渉スタイルによって、中国人と北ヨーロッパ人担当者間の相互作用に問題が生じる一方、交渉過程および結果に与える相互作用問題の影響は、交渉当事者間の先在する社会資本に大幅に依存している。社会資本は、いわゆる認知的、関係的、構造的という3つの主要な構成レベルに分けられる。認知的側面は、関係者間の共有理解度を強調し、関係性側面はその感情的結びつきに、また構造的側面はその相互結合性の性格にそれぞれ焦点を当てる。数年にわたる同二国間交渉の経験を有する、北ヨーロッパ人管理職24人と中国人管理職15人を対象とする深層面接を行い、その実地調査の結果を報告した。結論として、社会資本の各側面と交渉過程・結果の間に存在する繋がりを指摘し、今後の研究課題と管理職への示唆を提示する。

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交渉アプローチ : 国民文化の直接および非直接的影響

ジャオファ・リン、スティーブン・J・ミラー

キーワード : 交渉、国民文化、米国、中国、合弁事業

本論は、国際ビジネス舞台での交渉態度に与える国民文化の直接および非直接的影響に焦点を合わせた。交渉アプローチは、関係性コミットメントや力関係などの関係性文脈変数に基本的に条件づけられており、国民文化は優先的交渉アプローチに直接的影響を与えるとともに、関係性文脈の相互作用の最中における交渉アプローチの選択に非直接的影響を与えると議論する。中国内の米中合弁事業管理職をサンプルとして、本仮説を検証した。それによって、特に国民文化および関係性文脈変数間の相互作用に関する、理論上および管理職への重要な示唆に富む結果が判明した。

欧州における販売トレーニングの比較分析 : 国際販売交渉への示唆

セルジオ・ロマーン、サルバドール・ルイズ

キーワード : ヨーロッパ人、国民文化、販売トレーニング、業績、国際取引、交渉

交渉担当者らが異なる文化に属する時、トレーニングによって交渉差異を縮めることで成功裏に販売交渉を進め、長期の関係性を維持する可能性を増すことができる。本論は、北ヨーロッパの128社 (英国、オランダ、フィンランド) および南ヨーロッパの160社 (スペイン、ポルトガル) の中小企業を対象に、その販売トレーニング実施慣行の分析を行った。これら2つのグループは異なる文化特徴を有するので、異なるトレーニング慣行が予想されると議論する。その結果、トレーニング量および費用とともにトレーニングの助成金に関しても違いが見られた。さらに、トレーニング内容の差よりも販売トレーニング方法により大きな差異のあることが判明した。また、北部および南部ヨーロッパにおけるトレーニング方法および助成金の違いは、販売担当者の業績に異なる影響を与えていた。本調査結果が国際販売交渉に与える示唆を提示し、補足的研究を提案する。

Guest editorial

About the Guest Editors *Professor Antonis Simintiras was appointed to a Chair of Marketing in 1998. He was previously at the Open University and a Research Fellow within EBMS. He obtained a first degree in Economics from the University of Macedonia, Hellas, an MBA in Marketing from the University of New Haven CT, USA, and a PhD in sales management from the University of Huddersfield, UK. He joined the European Business Management School to lecture in Marketing. He has many years of work experience in industry and has held managerial positions in both Hellenic and American companies. He holds visiting professorial appointment at the Sup de Co LeHavre/Caen France, and acts as a consultant for various companies. His research interests are in the areas of personal selling and sales management, industrial marketing and consumer behaviour. His work has appeared in several journals as well as national and international conference proceedings.*

Dr Nina Reynolds obtained a BSc in American Management Studies and a MPhil in Marketing Research before working in the publishing and financial services sectors. On returning to academia, she completed a PhD at the University of Wales Swansea, looking at measurement issues in cross-national research, and before returning to Swansea as a lecturer, worked at Glasgow University. While she maintains her interest in research methodology, particularly in the cross-national context, her research interests have broadened to include consumer behaviour online, issues within personal selling and sales management, and the measurement of service quality cross-nationally. Her publications have appeared in a variety of journals including Journal of International Business Studies*,* International Marketing Review*,* Journal of the Market Research Society *(now* International Journal of Market Research*),* European Journal of Marketing *and* Journal of Marketing Management*.*

Business on both a local and international scale depends on negotiations; they are an everyday factor of the business world, and their importance shows on the bottom line of every company's accounts. Without successful negotiations, businesses will ultimately fail and, unfortunately, negotiations breakdown with disturbing regularity (Bazerman, 1986). In addition, negotiation, a task that is already considered to be one of the most difficult in business, becomes even more difficult when accompanied by the complexity of culture (Tse and Francis, 1994). Nevertheless, as globalisation increases, both MNCs and SMEs are entering into international negotiations, and the increase in globalisation has resulted in an increased volume of negotiations between members of different cultures (George *et al.*, 1998). This issue of *International Marketing Review* examines some of the topics that are being considered by researchers looking at international business negotiations.

The papers in this Special Issue on "International business negotiations" address some important aspects of the subject. Starting with a review of the published research in the area over the last decade Reynolds *et al.*, in "International business negotiations: present knowledge and direction for future research" give an overview of current knowledge in the area. This content analysis of the literature looks at what is considered as vital to

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international negotiations researchers, identifying five critical areas from the models in the literature and considering how researchers have addressed each area. They conclude that, while many individual contributions are beneficial to knowledge in the field, without the explicit use of an overall framework, research in international business negotiations lacks coherence.

The next two papers both look at international business negotiations between western and Chinese negotiators. The first paper by Kumar and Worm – "Social capital and the dynamics of business negotiations between the northern Europeans and the Chinese" – considers how the negotiation process is shaped by the negotiators' level of shared understanding, their affective bonding and the nature of the relationship between negotiators. Their findings challenge some accepted wisdom, for instance, that Chinese negotiators are unwilling to share information, and highlight some intra-cultural differences, specifically between older and younger Chinese negotiators. The second of the papers examining western and Chinese negotiations – "Negotiation approaches: direct and indirect effect of national culture" by Lin and Miller – finds that culture acts upon the negotiation approach assumed directly, as well as acting indirectly through relationship commitment and the relative power of negotiators. Relationship commitment, for instance, leads to a more integrated approach to ongoing negotiations and a more open exchange of information. In contrast, those with greater bargaining power are more likely to adopt a coercive approach. Of as much interest, however, is the interactive effect found between relationship commitment and relative power, and national culture.

The final paper looks at a pre-cursor to international business negotiations – training. It is unlikely that a negotiator will enter into international negotiations without some training. In their paper – "A comparative analysis of sales training in Europe: implications for international sales negotiations" – Román and Ruiz consider how training practices differ across different cultures. They found that while there are differences in the amount spent on training, the content of the training does not vary significantly across European cultures, even though the method of delivery does differ.

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International business negotiations

Present knowledge and direction for future research

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Abstract *Global companies increasingly rely on the effectiveness of business negotiations for their survival and growth. As an important business function for creating and maintaining successful relationships, international business negotiations during the last decade (1990-2000) have attracted considerable attention among researchers. Although these research efforts have shed light on several aspects of international business negotiations, there has been neither a comprehensive assessment of the knowledge gained, nor a systematic analysis of the issues that this research appears to have left unexplored. It is the purpose of this study to provide a thorough review of the publications on international business negotiations generated in the last decade, identify trends, assess where the discipline currently is and where it might be going.*

1. Introduction

In pursuing opportunities in the global marketplace, managers increasingly engage themselves in international business negotiations. International negotiations are one of the most challenging tasks in businesses (Gilsdorf, 1997), and managers may spend more than 50 per cent of their time negotiating (Adler, 1997). The stakes involved in international negotiations are generally high (Mintu-Wimsatt and Calantone, 1991) and despite the intention of negotiating parties to reach successful agreements (March, 1983), negotiation failure rates stand at alarmingly high levels (Tung, 1988). The consequences of failure in international negotiations are also high, including limitations on the scope and profit potential of companies, significant increases in non-recoverable expenses, and, perhaps most importantly, decreases in the motivation of the international negotiators.

International negotiators require additional skills and competencies on top of those required in domestic business negotiations. Nonetheless, domestic sales forces are increasingly addressing multi-cultural target markets, making the skills required of international negotiators necessary for the domestic sales force (e.g. Limaye and Victor, 1991). While the literature pertaining to domestic business negotiations is fairly extensive (e.g. Eppler *et al.*, 1998; Perdue, 1992; Sujan *et al.*, 1988; Thomson, 1990), the international business negotiations

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literature is normative and largely disjointed (Simintiras and Thomas, 1998). Nevertheless, such conclusions were not based on a rigorous review of the international business negotiations literature. It is, therefore, the purpose of this study to review and critically assess the recent literature on international business negotiation. Based on some generic models in negotiation research (Calantone *et al.*, 1998; Simintiras and Thomas, 1998; Tung, 1988; Weiss, 1993) the categories of interest to researchers thus far fall into five main areas:

(1) environmental and organisational conditions;

(2) cultural influences;

(3) characteristics of the individual negotiators;

(4) the negotiation situation itself; and

(5) the outcome of the negotiation.

Table I gives examples of some of the issues that are normally found in each of the five areas. The five broad areas, along with other dimensions, such as the nature of the analysis (empirical/non-empirical), provide a basis for the analysis of the international business negotiations literature that is the focus of this study.

More specifically, this study evaluates the international business negotiations publications generated during the last decade (1990-2000) to

	For example
External environment and organisation related factors	Impact of political/legal factors on the negotiating parties Influence of stakeholders Organisational culture, including its decision-making processes
Cultural factors	Hofstede's dimensions of individualism, power distance, uncertainty avoidance, masculinity and long/ short term orientation Preferred context of communication (i.e. high/ low)
Negotiator characteristics	Individual demographic characteristics and personality factors Communication effectiveness – understanding of language and communication style
Negotiation related factors	Negotiation norms such as the purpose of negotiating or negotiation objectives Non-task related (such as status distinction) and task related (such as persuasion and bargaining strategies) factors of negotiation
Negotiation outcome	Objective measures such as individual profits and join gains Subjective measures such as negotiation process and/or outcome satisfaction

Table I. Generic categories and examples of issues in business negotiations research provide an up-to-date assessment of the state of development of international business negotiation research and reveal any trends in the field. In line with Bush and Grant's (1994) methodology, an overall assessment of the development and dissemination of knowledge in the field is attempted. In particular, an assessment pertaining both to the magnitude of the overall research effort as it is indicated by the publications in relevant journals and to the focus of the research efforts, will provide a clear indication of what is already known and what needs to be done insofar as aiding our understanding of international business negotiations. This provides a view of where the discipline currently is and where it might be going (Applebaum, 1947; Grether, 1976; Helgenson *et al.*, 1984; Muncy, 1991).

The paper is structured in three parts. The next section describes the methodology used to identify, examine and classify various contributions in the international business negotiations literature. The following section provides an analysis of the trends in the literature from 1990-2000 and indicates the breadth and depth of existing knowledge. Finally, a discussion of the main themes found in the literature is provided and directions for future research are put forward.

2. Methodology

According to Hoffman and Holbrook (1993), the development, dissemination, and utilisation of knowledge in a scientific field of study depend on the circulation of ideas found in scholarly books and journals. Of all formal means of communication, such as books, journals, proceedings and monographs, journals are the most competitive and widely used for assessing knowledge in a scientific field (Chandy and Williams, 1994). Frost and Taylor (1985) point out that academic journals strongly influence the direction a scientific field is taking and are generally indicative of the knowledge disseminated in a field. Similarly Morgan (1985) states that journals are agents that legitimise and hence largely control the nature of what is to count as valid research.

While assessment of publications in a field of study can serve many purposes (Bush and Grant, 1991; Chandy and Williams, 1994; Hamelman and Mazze, 1974; Helgenson *et al.*, 1984; Jaffe, 1996; Jobber and Simpson, 1988; Leong, 1989; Swan *et al.*, 1991; Zinkhan *et al.*, 1992), the specific aims of this study are to:

- provide an overview of trends and topics of the research in international business negotiations from 1990-2000;
- uncover the boundaries of international business negotiations research to date; and
- identify gaps in the study of international business negotiations.

2.1 Content analysis

Two major methods are often used to assess journal articles and general publication outlets – citation analysis and content analysis. Citation analysis does not consider the content of the papers concerned and will not enable any of the objectives of this study to be assessed. Content analysis, however, is defined as a research technique for the objective, systematic, and qualitative description of the manifest content of communication (Berelson, 1952); as such it is considered suitable for meeting the objectives of this study, especially as latent content may be examined as well as manifest content (Fearing, 1954).

Clear formulation of categories and their definitions help ensure category reliability when conducting content analysis and allows trained judges to classify items consistently. As such, content categories were developed using Holsti's (1969) four principles:

(1) guided by theory;
(2) exhaustive with the intention that their degree of exclusivity should be large enough to cover all appropriate items in the sample and reflect the entire range of issues addressed by the inquiry;
(3) mutually exclusive to ensure a content item is classified under only one category[1]; and
(4) independent.

Holsti (1969) suggests that attempts to increase reliability by limiting the content categories and simplifying them, may result in a reduction of validity of the study. Subsequently, a balance between reliability and validity needs to be achieved. Validity is inextricably bound with the choice of categories and the units of measurement (Holsti, 1969). As such, to increase reliability in this study broad categories are used to give an overview of the content covered by articles on international business negotiations published between 1990 and 2000. However, a more general discussion of the articles' contents is also given to address issues of validity. The content categories used in this study are:

- *research type* – empirical or non-empirical;
- *audience addressed* – practitioner, academic or a combination of both;
- *basis of the comparisons* – cross-cultural, intra-cultural or both; and
- *issues addressed* – conditions (environmental and organisational), cultural factors, negotiator characteristics, negotiation-related factors, and negotiation outcome.

2.2 Article/journal selection

Generally, in studies of this type, articles are collected to make the researcher familiar with appropriate journals for examination and then candidate journals are selected for inclusion in the content analysis. However, as the focus of the present study is fairly narrow, selecting specific journals would have considerably reduced the number of articles available for analysis. To this end, a thorough review of all available sources was conducted to identify relevant articles in peer-reviewed journals from 1990-2000. Several methods were used to identify the relevant articles, specifically:

- Searches of electronic databases (e.g. ABI Inform, BIDS, Science Direct) using a variety of keywords were conducted. Given the interdisciplinary nature of the field under examination, this electronic search covered several disciplines such as business, psychology, sociology and economics.
- A manual search of the table of contents of hard copies of library journals and of various journals available online was made (e.g. *Journal of International Business Studies*, *Journal of Personal Selling and Sales Management*) to identify relevant articles.

Once articles had been identified from these searches, they were examined to determine if they addressed aspects pertaining to the topic of international (inter-organisational) business negotiations. The journal articles identified were then analysed. In total, 111 journal articles were included in the analysis (a list of these is provided in the Appendix).

3. Trends

The number of articles published in the area of international business negotiations varies year by year (Figure 1); the number published in the last three years of the decade considered (52) is, however, more than double the number published in the first three years (21). Nevertheless, while there has been a general increase in papers on international business negotiations over the time period, a peak of 26 papers occurred in 1998 (including a special issue of the *Journal of International Business Studies*, the journal, in which over 10 per cent of the articles considered in this study were published), with numbers dropping to pre-1996 levels by 2000.

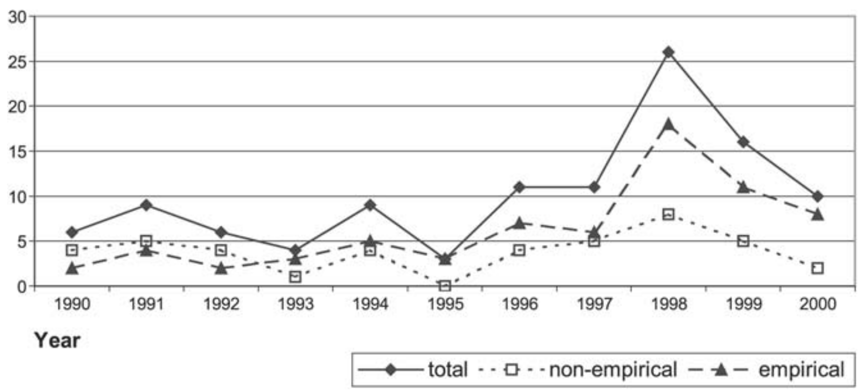

Figure 1.
International business negotiations papers published 1990-2000

3.1 Empirical/non-empirical articles

Overall, the number of empirical articles published in the time period is greater than the number of non-empirical papers (69 empirical to 42 non-empirical). The balance of empirical to non-empirical papers has, however, shifted over time. While non-empirical papers outnumbered empirical papers from 1990-1993, empirical papers have become dominant since then (Figure 2). From 1998, the percentage of empirical papers has not dropped below 60 per cent. Of these empirical papers, a small proportion (19 per cent or 13 papers) have been context specific, that is concerned with a particular industry, type of organisation or organisation (e.g. case studies).

3.2 Cross-cultural/intra-cultural studies

Almost all of the articles written on international business negotiations from 1990 to 2000 look at cross-cultural issues (Table II). However, while some focus solely on cross-cultural comparisons, others consider both cross-cultural and intra-cultural issues. Indeed, only four of the international business negotiations papers published between 1990 and 2000 focused solely on intra-cultural issues – all of these papers were empirical.

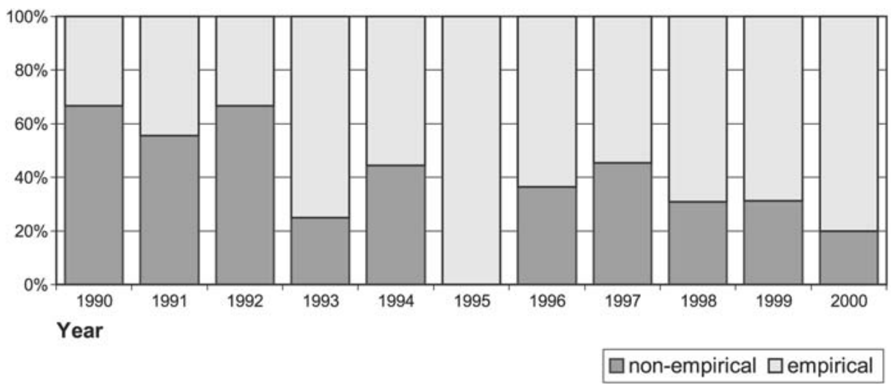

Figure 2. Proportion of empirical versus non-empirical papers 1990-2000

Table II. Focus of study and audience addressed by international business negotiation papers 1990-2000

	Focus of study: Cross-cultural	(%)	Intra-cultural	(%)	Both	(%)	Audience addressed: Practitioner	(%)	Academic	(%)	Both	(%)
Empirical[a]	41	59	4	6	24	35	14	20	6	9	49	71
Non-empirical[b]	31	74	–	–	11	26	24	57	1	2	17	40
Overall	72	65	4	4	35	32	38	34	7	6	66	59

Notes: [a] Percentage of the empirical papers; [b] percentage of the non-empirical papers

3.3 Audience addressed

The target audience each article aimed at consisted of practitioners, academics or a combination of both. Over half of the papers addressed both theoretical and practical issues, while a third were aimed solely at practitioners (Table II). This balance was not maintained when the papers were split by type of study (i.e. empirical/non-empirical). Non-empirical articles were more likely to be addressed solely to practitioners, while empirical papers generally considered both the managerial and theoretical implications of their research.

3.4 Issues considered

The majority of articles on international business negotiations (91 per cent) discussed more than one issue; half explicitly focussed on issues concerning cultural variables (Table III). Non-empirical papers were more likely than empirical papers to explicitly consider cultural variables, although many of the empirical papers implicitly included cultural variation within their sample selection. That is, the countries included in their study were chosen according to specific aspects of cultural variation, but cultural variables were not explicitly measured in these studies. In contrast, empirical papers were more likely than non-empirical papers to consider the outcome of the negotiation as part of their analysis (49 per cent in comparison to 21 per cent). Unsurprisingly, given the focus of these studies, a large number of papers considered negotiator characteristics and/or the negotiation itself; the percentage of empirical and non-empirical papers considering each of these issues was comparable. An equivalent number of empirical and non-empirical papers also explicitly considered the impact of the conditions surrounding the negotiation/negotiator.

4. Discussion of issues addressed

This section provides a description of the range of topics discussed under the five distinct issue categories presented in Table I. The purpose of this section is to delineate the range of topics covered in the international business negotiations literature during the decade considered. While every attempt is made to separate the different topics, some, particularly cultural factors and negotiation outcome, are difficult to separate from the other areas with which they coincide.

Table III.
Issues discussed by international business negotiations papers 1990-2000

	Conditions (%)		Culture (%)		Negotiators (%)		Negotiations (%)		Outcome (%)	
Empirical[a]	32	46	29	42	60	87	55	80	34	49
Non-empirical[b]	18	43	26	62	37	88	34	81	9	21
Overall	50	45	55	50	97	87	89	80	43	39

Notes: [a] Percentage of the empirical papers; [b] percentage of the non-empirical papers

4.1 Conditions of the negotiation

The content analysis showed that the conditions addressed by researchers fall into two main sub-categories – external or environmental influences, and internal or organisation related factors including decision making.

External/environmental influences. The factors addressed here included the legal and political environment, currency fluctuations and foreign exchange, foreign government controls, instability and change (e.g. Tinsley *et al.*, 1999). Generally it was argued that differences in political, legal and economic systems have an impact on the outcome of the negotiation (specifically on joint gains). In certain countries contracts and trade laws could not be relied on because they took too much time to be enforced and governmental intervention was evident in the organisation's functioning (Snavely, 1998; Tung, 1991; Weiss *et al.*, 1996). In international business negotiations, therefore, companies have to adjust their targets as a result of the host country's economic stability, political risk, and operating-level restrictions (Kashlak, 1998). The location in which the negotiation took place (being the guest or the host) also constituted a focal decision in international negotiations that might impact on the negotiation outcome (Gulbro and Herbig, 1995a, b; Mayfield *et al.*, 1998).

Internal/organisation factors and organisational decision making. A variety of factors fall under this broad category. The differences in negotiation behaviour between different types of business (industrial vs consumer product firms and service vs manufacturing firms), for example, were found to have an impact on the negotiation outcome (Gulbro and Herbig, 1995a, b, 1996a, b). The company image was also found to be an important factor affecting the negotiation outcome (Snavely, 1998), as has company size (Money, 1998). In addition, several organisational dimensions, such as individuality, ad-hockery/planning, and group decision orientation were examined in relation to various aspects of the negotiation process and outcomes (Calantone *et al.*, 1998; Kale and Barnes, 1992). Decision-making processes such as leadership, intra-organisational consensus, degree of centralisation/decentralisation, were also examined in relation to international business negotiations (Black and Mendenhall, 1993; Martin *et al.*, 1999; Salacuse, 1998; Tung, 1991).

An organisation's decision to use third parties such as agents, advisers, consultants, introducers, interpreters, and translators in international negotiations, was also the subject for investigation by many researchers (Herbig and Gulbro, 1997; Herbig and Kramer, 1991; Martin *et al.*, 1999; Oikawa and Tanner, 1992; Snavely, 1998; Weiss, 1994a, b). These studies contributed suggestions concerning the improvement of negotiation effectiveness in different countries. Stakeholders were also found to influence the dynamics of the international negotiation process (Brouthers and Bamossy, 1997; Phatak and Habib, 1996; Weiss, 1990). In addition, previous collaboration between firms was reported as an influence on negotiation outcome through its impact on negotiators' behaviours (Luo, 1999; Phatak and Habib, 1996). Moreover, the availability of discontinuing options was found to influence the final agreement (Luo, 1999) and both the transaction complexity and the nature of the negotiating firms' strategic goals and objectives were judged to have an impact on the international business negotiation process (Luo, 1999; Sebenius, 1998; Tung, 1991).

Organisational factors were reported as influencing international business negotiations through their impact on bargaining power; variables, such as resources, stakes, and the availability of alternatives influenced bargaining power and bargaining power in turn, influenced management control and satisfaction (Lee *et al.*, 1998; Luo, 1999; Teegen, 1998). The nature of industry was also reported as influencing the bargaining power of the negotiation parties through willingness to offer trade-offs and concessions (Brouthers and Bamossy, 1997). In addition, the differences in the size of the negotiating parties were examined and various explanations concerning the reasons for size differences and their impact on negotiations offered (Martin *et al.*, 1999; Paik and Tung, 1999).

4.2 Culture

Cultural factors are values of a collective, socially shared nature; many of the difficulties in international business negotiations are considered to derive from differences in these factors (Reynolds and Simintiras, 2000). As such, all of the articles in this study implicitly regarded culture's impact on international business negotiations. When explicit reference to cultural factors was made, they were discussed in connection with some other aspect of the negotiation process. As such, this section is restricted to noting those cultural factors that were explicitly referred to in the literature; the discussion of culture's impact on the other issues considered in this study is found in the sections that follow. The specific cultural factors considered by papers in this study include Hofstede's (1994) five cultural variables of individualism, power distance, uncertainty avoidance, masculinity and long/short term orientation, Hall's (1976) communication context, and time orientation. In this study, time orientation was examined mainly in relation to its impact on decision-making; polychronicity/monochronicity, for example, was found to be related to several behaviours in negotiations (Ang *et al.*, 2000; Osland, 1990; Salacuse, 1998; Usunier, 1991). Similarly, the time horizon of collaboration anticipated by the negotiating firms was found to influence negotiation behaviours (Rao and Schmidt, 1998).

4.3 Negotiators' characteristics

Negotiator characteristics divided into issues that are related to the negotiator's personal factors (demographics and personality) and to more specific negotiation-related factors such as communication styles. The influence of negotiator demographics, such as age, gender and experience, on the success of international negotiations and the behaviour of negotiators was examined by several researchers (George *et al.*, 1998; Mintu-Wimsatt and Gassenheimer, 2000; Oh, 1996; Volkema, 1998). The personality type of negotiators was also the subject of investigation in several studies; these included consideration of the impact of personality types on the effectiveness and outcome of negotiations, as well as their impact on the content and style of communication in negotiations (Abramson *et al.*, 1993; Kale and Barnes, 1992; Luo, 1999). Other personal classifications such as internationalism (as opposed to isolationalism) were examined and linked to cooperative behaviour (Luo, 1999). The degree of adaptation is yet another negotiator characteristic that was found to influence negotiation behaviour, either on its own or in relation to the time orientation of the negotiators (Ang *et al.*, 2000; Francis, 1991; Pornpitakpan, 1999); similarly, characteristics such as trusting nature, risk-aversion, conciliatory disposition and experience were investigated in relation to problem solving approach (Calantone *et al.*, 1998). In addition, some studies considered how individuals from different cultural groups tended to exhibit differing levels of emotionalism that manifested in a variety of ways during negotiations (George *et al.*, 1998; Kumar, 1999; Martin *et al.*, 1999; Salacuse, 1998, 1999; Tung, 1991).

Negotiator communication skills, such as foreign language proficiency, were also recognised as important factors in international business negotiations with the focus of studies' ranging from semantic issues to the ability to understand foreign cultures (Adachi, 1998; Ferraro, 1996; Graham, 1993; Osland, 1990; Simintiras, 2000; Swift, 1991; Tung, 1991). Researchers also examined foreign accent and found that it affected source credibility in international communications (Tsalikis *et al.*, 1991). More complex aspects of communication (i.e. communication style) were also investigated. Various aspects of communication style, such as the impact of cultural preference for high/low context communication, direct and indirect communication, the message itself, background information, information exchange and sharing, verbal expression, non-verbal communication, conversational features and language between culturally dissimilar negotiations, were examined (Al-Ghamdi, 1999; Brett, 2000; Brett *et al.*, 1998; Gilsdorf, 1997; Graham, 1993; Graham *et al.*, 1994; Herbig and Kramer, 1991, 1992; Kjaerbeck, 1998; Martin *et al.*, 1999; Mintu-Wimsatt and Gassenheimer, 2000; Oikawa and Tanner, 1992; Ruthstrom and Matejka, 1990; Ulijn and Verweij, 2000; Woo and Prud'homme, 1999).

4.4 Negotiation-related factors

The issues that fall under this category are fairly broad and can be divided into three main areas:

(1) issues that look at the task-related aspects of negotiation (particularly persuasion/bargaining strategies, and concession making and agreement);

(2) issues related to the non-task aspects of negotiation (e.g. impression formation accuracy, status distinction and interpersonal attraction); and
(3) issues related to the nature of negotiation (what is the purpose of negotiation, what are the ethical issues that impact on the negotiation process).

The discussion below summarises the negotiation-related factors addressed by the literature under these three headings.

Task-related aspect of negotiation. The bargaining strategies/tactics that were investigated by many researchers include integrative and distributive strategies; for example, these were considered in terms of the type of communication employed (representational and instrumental) and negotiation outcomes (Graham *et al.*, 1994). Cultural factors (e.g. individualism, uncertainty avoidance) were explicitly linked to the choice of strategies used in international business negotiations by several researchers (Brett *et al.*, 1998; Kale and Barnes, 1992; Pearson and Stephan, 1998; Tinsley and Pillutla, 1998). Individualism was also examined in relation to negotiation outcomes and judgemental accuracy (Gelfand and Christakopoulou, 1999). Persuasion, as part of a bargaining strategy, was also found to link power and bargaining tactics (Martin *et al.*, 1999; Oikawa and Tanner, 1992).

Another task-related aspect of negotiation that received attention was concession making and agreement. Studies looking at conflict style/resolution considered the relationship between conflict, face maintenance, and/or value orientations in various cultural contexts (individualism, power distance, high-low context communication) (Black and Mendenhall, 1993; Morris *et al.*, 1998; Ting-Toomey and Kurogi, 1998). In addition, concession-making behaviours were found to differ significantly across cultures. Issues pertaining to the use of different approaches (holistic and fragmented) were also examined cross-culturally and linked to decision-making and various other aspects of international negotiations in the literature (Faure, 2000; Kirkbride and Tang, 1990; Martin *et al.*, 1999; Oikawa and Tanner, 1992). The agreement, a negotiated contract or relationship, its form (written or oral), the degree of specificity, and the legal standing in various cultural settings was also examined as part of the negotiation objectives, process and outcome (Dulek *et al.*, 1991; Hawrysh and Zaichkowsky, 1990; Kumar, 1999; Martin and Herbig, 1997; Martin *et al.*, 1999; Oikawa and Tanner, 1992; Paik and Tung, 1999).

Non-task related aspects of negotiation. Status distinction as a subject of investigation was concerned with the functions of status distinction (occupational, social and "halo effects") that served as a guide of how to behave during negotiations (Bandyopadhyay *et al.*, 1994; Comer and Nicholls, 2000; Paik and Tung, 1999; Woo and Prud'Homme, 1999). Status distinction was investigated in relation to cultural dimensions and the role of the negotiator (buyer or seller) (Graham, 1993). The importance attached to negotiation protocol by different cultures was also examined. Aspects in protocol that were studied included dress codes, titles, handshakes, touching, physical closeness, seating arrangements, timing of breaks, number of parties, planned duration of the negotiation process, entertainment, socialising and gift giving across cultures (Arunthanes *et al.*, 1994; Graham, 1993; Kumayama, 1991; Oikawa and Tanner, 1992; Reardon and Spekman, 1994; Smith and Pham, 1996; Snavely, 1998; Tung, 1991; Usunier, 1991; Woo and Prud'homme, 1999). The literature also discussed how the degree of interpersonal attraction influenced international business negotiations. For example, the concept of similarity was examined in relation to interpersonal attraction and the resulting negotiation outcome (Graham and Mintu-Wimsat, 1997; Graham *et al.*, 1992, 1994; Simintiras and Thomas, 1998).

Other aspects of negotiation. Issues concerned with building a business relationship were examined in the literature over the decade considered. Specifically, building rapport and mutual trust were examined and found to be important influencing factors in international negotiations (Leung *et al.*, 1995; Martin *et al.*, 1999; Nair and Stafford, 1998; Nowak and Dong, 1997; Oikawa and Tanner, 1992; Woo and Prud'homme, 1999). Another aspect of negotiation that received attention was ethics. The ethical norms and issues pertaining to what constitutes ethical behaviour were examined; for example, issues such as bribery, personal favouritism, fairness, misrepresentation of information, bluffing, and deception were investigated in various international settings (Arunthanes *et al.*, 1994; Barnes *et al.*, 1997; Ford *et al.*, 1997; Volkema, 1998, 1999). Risk and uncertainty were also examined as factors influencing international business negotiations; some studies examined risk in relation to the cultural dimension of individualism (Martin *et al.*, 1998; Salacuse, 1998, 1999).

4.5 Negotiation outcomes

Many of the factors related to the negotiation outcome have been covered in the previous sections. In summary, however, the literature from 1990 to 2000 addressed two broad categories of negotiation outcomes. These were concerned mainly with the performance of the joint business and the degree of relationship building (Kale and Barnes, 1992; Luo, 1999). For example, the impact of organisational emphasis on a short- versus long-term business relationship was considered in relation to the outcomes desired and achieved through negotiations (Phatak and Habib, 1996). Furthermore, in international negotiations it was found that negotiators from some cultures reported more satisfaction when joint gains were maximised, whereas negotiators from other cultures were more satisfied when they achieved outcome parity (Tinsley and Pillutla, 1998). Negotiator-related factors, such as problem solving approach, attractiveness and self-interest were also investigated in relation to negotiation outcomes (Brett *et al.*, 1998; Graham and Mintu-Wimsat, 1997).

5. Conclusion and direction for future research

The international business negotiations literature saw an increase in the number of articles published over the decade examined, and, by the end of the decade empirical papers outnumbered normative papers. While the majority of all papers considered either cross-cultural issues or both cross-cultural and intra-cultural issues, the increase in empirical papers resulted in more articles focusing on academics, as well as practitioners. When the issues addressed were considered, the differences between the empirical and non-empirical papers lay in two areas – empirical papers were more likely to focus on negotiation outcome, whereas non-empirical papers were more likely to explicitly consider cultural factors. The latter difference, however, may be due to the implicit consideration of cultural variations in the choice of countries included in empirical studies.

Based on the preceding discussion of the findings, it becomes apparent that the area of international business negotiations has received considerable attention from researchers, albeit some areas have been more heavily researched than others. The direction that scholarly research has taken during the 1990s, however, is rather difficult to reveal owing primarily to the large range and multiplicity of issues examined in each article. The research is generally fragmented and a-theoretical. It was surprising to note that although research in international business negotiations has a unique underlying theme/framework (i.e. selling and buying) that research contributions could be clustered around, such a unifying framework is absent from the studies. This, we felt, created a problem in that the contributions, all worthy in their own right, do not offer a coherent overview of the issues that impact on international business negotiations.

Other researchers have reached a similar conclusion in the past. Tung (1988), for instance, concluded that research on the subject has been sporadic and little attempt had been made to integrate the various approaches taken. Similarly, Limaye and Victor (1991) pointed out the lack of a rich conceptual basis in business communication research. Moreover, Leung (1997) asserted that cross-cultural research on negotiations tended to be incoherent, *ad hoc* and a-theoretical. He further argued that broad cultural variables have been used to explain negotiation, but the mediating variables that interconnect those variables with negotiation behaviour have remained largely unexplored. In addition, Simintiras and Thomas (1998), as stated in the introduction, argued that the literature pertaining to cross-cultural sales negotiation was mainly normative and largely disjointed.

Attempts to produce a coherent framework have been made. Tung (1988), for instance, developed a conceptual paradigm for international business negotiations based on the five key dimensions of contextual environment, negotiation context, negotiator characteristics, strategy selection and process/progress, and negotiation outcomes. This framework suggests that negotiation outcomes are a function of selected strategy, which in turn, are determined by the negotiation contexts and negotiator characteristics, which are influenced by the environmental context. Another conceptual framework is based on the concepts of endogenous and exogenous constructs as variables influencing negotiation outcome (Graham, 1985; Graham and Lin, 1987). Furthermore, Calantone *et al.* (1998) have proposed a framework based on bargainers characteristics, organisation-related variables, national cultural context, and perceptions of partner's behaviour as antecedents to problem solving approach (PSA) and negotiation outcome. Similarly, Simintiras and Thomas (1998) proposed a framework based on the non-task and task-related interaction as influencers on negotiation outcome, and Weiss (1993) suggested a three-component model based on parties' relationships, parties' behaviours and influencing conditions (RBC). Ting-Toomey and Kurogi's (1998) and Brett's (2000) models based on face-work maintenance and conflict, and culture and information processes, respectively, also combine the major component parts of international business negotiations.

It is evident that the prolific contributions at issue level are mostly framework-free and, although they shed light on many important aspects of negotiations, do not appear to contribute decisively to the existing conceptual models; models that neither converge to the extent that could be considered complementary, nor diverge enough to be considered separate paradigms. The issues pertaining to international business negotiations are highly complex with various interrelationships between variables, and unless a dominant paradigm emerges the likelihood of making major advances is rather slim. If additional research is to be suggested (e.g. organisation-related factors or negotiation outcomes), this ought to be framed in an all-encompassing model of international business negotiations. Only then can a synthesis be possible that might lead to major advancements in the field.

6. Limitations

While this study has been able to summarise the trends in the research published on international business negotiations from 1990-2000, it was unable to make statistical comparisons owing to the small number of papers that were found. This limitation has resulted in a descriptive approach to the trends found in the literature. In addition, with the discussion of the literature themes we have not cited every relevant article for each aspect discussed, only examples which were used. To include all relevant articles on every factor would have made this section difficult to follow, however, we would like to point out that the citation of articles does not reflect a lack of quality in those articles that remain uncited. Finally, the lack of a unifying conceptual framework in which to place the factors influencing international business negotiation and the apparent cross-over between factors that influence individual negotiators and those that influence the negotiation itself, make some issues difficult to place; for example, at what point does a communication style (classified as a negotiator factor in this study) become a bargaining strategy/tactic (negotiation issue). We hope that this part of the study provides sufficient distinction for the reader to be able to evaluate the differences between categories.

Note

1. As multiple factors can legitimately be addressed by one paper, this criterion is not fulfilled with the categories concerning the issues addressed in each paper.

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Appendix. Articles by year

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Social capital and the dynamics of business negotiations between the northern Europeans and the Chinese

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Abstract *The paper assesses the impact of social capital on the dynamics of Sino-northern European business negotiations. It is argued that, while conflicting negotiation styles create interactional difficulties between the Chinese and the northern Europeans, the impact of the interactional difficulties on the processes and outcomes of negotiations is critically dependent on the pre-existing level of social capital among the negotiators. Social capital has three major components, namely cognitive, relational, and structural. The cognitive dimension highlights the level of shared understanding among the actors; the relational dimension focuses on the affective bonding among the actors; while the structural dimension highlights the nature of interconnectedness among the actors. This is an exploratory study conducted through in-depth interviews with 24 northern Europeans and 15 Chinese managers, who have been negotiating with each other for several years. We highlight the linkages between the different dimensions of social capital and negotiation processes and outcomes, and conclude with implications for research and practice.*

Introduction

Negotiation scholars have begun to highlight the importance of national culture in shaping negotiation processes and outcomes (Brett, 2001; Brodt and Tinsley, 1998; Gelfand and Dyer, 2000). A major theme in this literature is that negotiation styles vary across cultures (Adair *et al.*, 2001; Cohen, 1997; Graham and Sano, 1984; Worm, 1997). It has been proposed that differences in negotiation styles manifest themselves as differences in negotiation scripts across cultures (Kumar, 1999a, b; Tinsley, 1999). A negotiation script defines the nature of expectations associated with the negotiation process and these expectations, it is argued, are culturally variable. It has been further maintained that there are three kinds of negotiation scripts, namely:

(1) a behavioral script;

(2) an interpretational script; and

(3) a conflict management script (Kumar, 1999a, b).

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Scholarly work, as well as anecdotal evidence, suggests that the conflicting negotiation scripts are at the root of interactional difficulties in intercultural negotiations (Brett and Okumura, 1998; Cohen, 1997). Conflicting scripts generate emotions (Blackman, 1997; Kumar, 1999a,b), produce misunderstandings through attributional biases (Osland and Bird, 2000); affect the integrativeness of the negotiated outcome (Adair *et al.*, 2001); and/or lead to a delay in attaining the negotiated outcome or to an outright negotiation failure. Although the content of the negotiation scripts is culturally variable the impact of conflicting scripts is universally mediated by the presence of emotions and/or attributional biases which shape the subsequent interactional dynamic among the negotiators (George *et al.*, 1998; Kumar, 1999a, b; Morris and Keltner, 2000).

Although there is considerable evidence documenting the dysfunctional impact of conflicting negotiation scripts on negotiation processes and outcomes it is not necessarily the case that a negative emotional dynamic and/or attributional biases among the negotiators will under all circumstances lead to a sub-optimal outcome or to an outright negotiation failure. Whether or not it does so depends on a variety of contextual factors surrounding the intercultural negotiation (Brett, 2000; Gelfand and Dyer, 2000; Weiss, 1993). Negotiation scholars note that contextual factors encompass the nature of the negotiation, i.e. whether it is a transactional or a conflict management negotiation (Brett, 2000); individual differences; task complexity; and/or the nature of the prior relationship among the negotiators (Kumar, 2003).

This paper explores the impact of the pre-existing relationship among northern European and Chinese negotiators on their ability to manage interactional difficulties in the negotiation process. A focus on the interaction between the northern Europeans and Chinese is important for a number of different reasons. A number of scholars have noted that the cultural gap between the northern Europeans and the Chinese is large (Bjorkman and Fang, 1997; Hofstede, 1991; Worm, 1997). northern Europeans are individualistic and egalitarian, whereas the Chinese are collectivistic and much more hierarchical. The larger the cultural gap, the more problematical the interaction might be. Under these circumstances the presence or the absence of pre-existing relationships may be particularly important. The northern European-Chinese cultural context may, therefore, provide a fertile ground for exploring the impact of pre-existing relationships on negotiation processes. It is also worth noting that in recent years the northern European firms are becoming increasingly attracted to the Chinese market. A study which highlights the problematics of this interaction and the role played by relationships in shaping the interaction may also have a high degree of managerial relevance for both the Chinese and the northern Europeans.

The paper begins by amplifying on the concept of pre-existing relationship making the essential point that the multifaceted character of the relationship is best captured by drawing on the notion of social capital – a construct that has become increasingly popular among organizational scholars in recent years. We then outline the methodological basis for the empirical study, which entailed interviews with Chinese as well as northern European manager's, resident in China. We will then highlight the linkages between the different dimensions of social capital and specific aspects of the negotiation processes, demonstrating how these different dimensions either facilitate or hinder the resolution of interactional difficulties among negotiators from different cultures. We conclude by demonstrating the contribution of the existing study to the ever-expanding literature on Chinese negotiating behavior and by highlighting future directions for research in this arena and outlining managerial implications.

The relevance of pre-existing relationships in shaping negotiating processes and outcomes

As argued earlier, there are a number of different variables that critically determine whether the negotiators are able to successfully overcome the expectational inconsistencies inherent in the intercultural negotiation process. One such variable is the nature of the pre-existing relationship among negotiators coming from different cultural backgrounds. This variable is of key importance for a number of different reasons. First, all negotiations are contextually embedded in the historical past, the immediate present, and the prospective future. Prior interactions may have engendered trust or distrust among the negotiators; the immediate present and the prospective future may amplify, dampen, or maintain the level of trust/distrust among the negotiators. In the case where the negotiators have had no prior history of interaction among themselves, trust or distrust is not likely to be particularly strong and this may itself become a factor of importance, depending on how the interaction unfolds over time. Pre-existing trust/distrust is important because it affects the motivation of the negotiators to overcome the dysfunctionalities inherent in the interaction (Lewicki *et al.*, 1998; Mishra, 1996). Second, pre-existing relationship condition the judgments made by negotiators about the stimuli that they encounter during the negotiation process. A good pre-existing relationship will allow the negotiators to be generous in their judgments about their counterpart and in doing so they may constrain the development of a negative emotional dynamic (George *et al.*, 1998).

The different dimensions of pre-existing relationships: the role of social capital

Although negotiation scholars have highlighted the importance of relationships in shaping negotiation processes and outcomes, it is only recently that scholars have come to realize the multifaceted character of these relationships (Lewicki *et al.*, 1998; Greenhalgh and Chapman, 1995). The underlying idea is that the relationships are composed of analytically different dimensions, which mutually reinforce each other. This idea is well captured in the notion of social capital, which was first introduced by the French sociologist Pierre Bourdieu in 1977. It was, however, only during the late 1980s that the concept began to attract attention among social scientists (Coleman, 1988; Burt, 1992; Fukuyama, 1995; Putnam, 1995). Social capital, as Coleman (1988, p. S98) observes, "... inheres in the structure of relations between actors and among actors". Leana and Van Buren (1999, p. 540) define organizational social capital as a "resource reflecting the character of the social relations within the organization, realized through members collective levels of goal orientation and shared trust". The presence of social capital enhances the efficiency and/or the effectiveness of value creation by facilitating coordinated action among the actors. Organizational scholars Nahapiet and Ghoshal (1998) have proposed that social capital can be split up into three dimensions, namely:

(1) the cognitive dimension;
(2) the relational dimension; and
(3) the structural dimension.

The cognitive dimension focuses on the degree of shared understandings among actors that are attained through the use of similar schematic frameworks. When the degree of shared understandings among the actors is high the actors will be both motivated as well as capable of resolving any conflicts stemming from conflicting negotiation scripts. Given a good understanding of their counterparts goals and objectives, they are also likely to engage in the process of value creation in an efficient and an effective manner. The relational dimension of social capital highlights the strength of the affective bonding among the actors. As Nahapiet and Ghoshal (1998, p. 244) note, "It is through ongoing personal relationships that people fulfill such social motives as sociability, approval, and prestige". The affective bonding among actors is attained and sustained through "... trust, norms, and sanctions, obligations and expectations, and identification" (Nahapiet and Ghoshal, 1997, p. 35). Personal relationships affect the motivation and commitment of the actors to work together for mutual gain; they facilitate clear, accurate, and timely communication; and they minimize the strategic dilemma of focusing on the short run as opposed to focusing on the long run. The structural dimension of social capital highlights the pattern of connections among actors. Interconnections among actors are conceptualized in terms of measures like density, centrality, and hierarchy (Burt, 1992). Interconnections among actors are vital to the negotiation process for a number of different reasons. First, interconnections amplify the possibilities of value creation by maximizing the number of linkages among actors. Second, interconnections also limit the scope for potential conflict in the value creation process by maximizing the presence of a number of potential intermediaries. Although analytically independent, the three dimensions alluded to above have the potential for mutually reinforcing each other. For example, a high level of shared understanding among the actors is likely to strengthen the personal relationship among them and vice versa. Likewise, a high level of interconnections not only afford the possibility of developing more relationships, but in the resources of intermediaries provide an asset that can help to diffuse relationships that may be experiencing strain.

Method

The nature of the study

We adopted a qualitative approach in assessing the impact of social capital on the dynamics of the inter cultural negotiation processes between the northern Europeans and the Chinese. A qualitative approach is particularly useful for understanding the dynamics of the interaction processes and the meaning or the interpretation that individuals bring to bear on their "lived experience" (Merriam, 1988; Van Mannen, 1977). A focus on actor's interpretation of reality is particularly important in situations, which are novel, ambiguous, and complex because different actors may construe the situation in very different ways. Cross-cultural negotiations possess many of these characteristics and for this reason qualitative methodology may be particularly fruitful (Wright, 1996). A further point to be made is that our study sought to explore the mechanisms through which social capital shapes the dynamics of intercultural interaction. Qualitative methodology allows us to explore in some depth the mechanisms or the processes underlying the relationship between different variables (Hammersley and Atkinson, 1983) and for this reason may be particularly germane to the investigation outlined in the paper. Finally, while qualitative approaches are often used for either developing new theory or testing existing theory (Strauss and Corbin, 1990), our goal in this research is to assess how the incorporation of a previously unexplored variable, namely social capital, modifies the existing theory.

Although qualitative approaches have many advantages, and are often indispensable, they are not without their problems. A major concern about qualitative research concerns the reliability and the validity of the findings (Miles and Huberman, 1994). Although some have maintained that it is hard to specify a set of criteria for what constitutes a good qualitative study (Peshkin, 1993) it is equally true that some interpretations may well be better than others (Miles and Huberman, 1994). Careful recording of the data, gathering of the information from the respondents in as unobtrusive a manner as possible, and the systematic application of a coding procedure, may well make some interpretations more plausible than others. Researchers also need to be sensitive to their own implicit values and/or beliefs that may subtly condition the way that they approach the project in question or the interpretations that they draw from the data (Smith and Malina, 1999). A further potential problem is that the respondents may either consciously or unconsciously respond in a manner that may not fully capture the dynamics at work in the situation. Although there are no neat or simple solutions to this problem self-reflexivity may well be an important prerequisite in conducting this research.

The nature of the Danish sample

The sample consisted of 24 northern European expatriates working for Danish companies in China. We contacted all the Danish companies in China that had manufacturing operations in the country. The interview respondents were based in Beijing and Shanghai and were in charge of the Chinese operations of the Danish firms. The interviews were conducted by one of the authors, who is fluent in both Danish/Scandinavian and Mandarin. The interviewees were contacted either by email or telephone and were requested to participate in a study of Chinese negotiating behavior. All but one of the individuals contacted participated in the study. The mean age of the northern European respondents was 39. They had been living in China, on average, for a period of about four years. Thus, some level of acculturation may have occurred. All the respondents were male but for two. Most of the respondents were not fluent in Chinese. We were fortunate to have all the major Danish manufacturing companies represented in the sample. In two of the largest Danish manufacturing companies operating in China more than two interviews were conducted. Each interview lasted between one and two hours on average.

Chinese sample

The Chinese sample consisted of 15 respondents, all of whom were working in Chinese owned companies. The companies were both state owned enterprises as well as private firms. The interview respondents were based in Beijing, Shanghai, and Suzhou. The interviews were conducted by one of the authors, who is fluent in Chinese. But for two, all of the interviews were conducted in Chinese. Most of the interviewees had experience in negotiating with Europeans, and in particular, four had been negotiating with the northern Europeans. All of the respondents had been negotiating with the Europeans for at least five years. The respondents were identified through our Chinese colleagues and business acquaintances. They were chosen on the basis of their availability, their expertise, and their willingness to participate in the study. This is a judgmental rather than a random sample (Babbie, 1990) and while the latter may clearly have been preferable, it is worth noting that the interviewees who participated in the study could be considered to be "well informed respondents" in that all of them had negotiating experience with Westerners and were recommended by individuals within the same social network. Of the 20 individuals who were contacted, 15 agreed to participate in the interviews. The mean age of the Chinese respondents was 35, which is only marginally lower that in the northern European sample. We used the same interview guide as we did with the northern European sample except for the fact that the questions posed to the Chinese respondents were posed more indirectly.

Analysis of the data

The interview guide was developed on the basis of pilot interviews conducted in Denmark. A semi-structured format was used to collect the data. The questions centered on the three major dimensions of social capital, namely the cognitive dimension, the relational dimension, and the structural dimension. The cognitive dimension sought to assess from the northern European and the Chinese participants the level of shared understanding that existed among them during the negotiation process. Representative questions were:

- At the onset of negotiations how close or far apart are you from your northern European/Chinese counterpart in your initial position?
- How well do you think the northern Europeans/Chinese understand your position?
- How does the interpreter influence the negotiating process?

The relational dimension sought to assess from the participants the nature and the development of their relationship with their counterparts during the negotiation process. Representative questions that we posed to the participants were:

- What role does interpersonal trust play in business negotiations with the northern Europeans/Chinese?
- When you ask for information is your northern European/Chinese partner willing to give you the information?
- Are the northern Europeans/Chinese willing and able to reciprocate any favors that you may have done for them?

The structural dimension asked the participants to assess the pattern of connectivity between them and their counterparts at the onset and during the negotiation process. Representative questions were:

- How would you describe the network structure of the northern European/Chinese negotiating group? How effectively/efficiently are they able to function?
- Do the northern Europeans/Chinese have more accurate information about your negotiating team than you have about them (northern Europeans/Chinese)?
- What is the importance of social events like banquets, visiting tourist places, bars etc. in the negotiating process?.

The interviews with the northern European managers were transcribed (more than 500 pages) and thematically analyzed. Within each category (cognitive, relational, structural), we sought to develop general themes that seemed to naturally emerge from the data. We engaged in pattern coding (Miles and Huberman, 1994), but we were careful not to prematurely identify the occurrence of a particular pattern. Pattern codes identify an emerging theme or seek to offer an explanation for an event. For example, when a majority of Danish respondents independently noted that the Chinese are willing to share information, but the reason that they do not share this information is that they do not know where to access it, we made the judgment that the Chinese were indeed motivated to share information but could not act on it owing to situational constraints. Thus, when any particular pattern seemed to be emerging we sought to assess if there was any more evidence supporting the existence of such a pattern (Guba, 1981). Furthermore, for each of the three dimensions of social capital we sought to develop a cluster of processes that were uniquely related to that category.

Sino-northern European business negotiations: the role of social capital – potential pitfalls in Sino-northern European business negotiation

There is a considerable amount of literature that highlights the interactional difficulties experienced by Western business people in negotiating with their Chinese counterparts (Faure, 1998; Kirkbride *et al.*, 1991; Weldon and Jehn, 1996; Tse *et al.*, 1994; Worm and Frankenstein, 2000). Faure (1998) points out for example, that the Chinese tend to be cooperative and conflictful at the same time. Fang (1997) concurs with Faure (1998) in that he notes that the Chinese negotiator can behave both like a Confucian gentleman as well as like a Sun Tzu strategist. While the Confucian negotiator will be cooperative and relationship oriented, the Sun Tzu negotiator will seek to exploit one's opponent to the maximum extent that one can. While Faure (1998) and Fang (1997) describe the Chinese psychological orientation, other scholars have emphasized the structural context within which the negotiations with the Chinese take place (Hofstede, 1991; Pye, 1992; Seligman, 1990; Paik and Tung, 1999). Hofstede (1991) notes, for example, that negotiations in China tend to be centrally controlled, given the high power distance character of the society. Pye (1992) notes that the Chinese tend to control the structure, timing, and the agenda of the negotiation (see also, Blackman, 1997). Paik and Tung (1999) note that the Chinese teams, more often than not, outnumber their Western counterparts. Scholars have also noted that the Chinese follow a non-linear logic unlike their Western brethren and that they do not believe that time is a scarce commodity (Kirkbride *et al.*, 1991; Paik and Tung, 1999). It has also been maintained that the Chinese tend to make much less extreme judgments compared to their Western counterparts (Nisbett *et al.*, 2001) and furthermore, that they tend to be harsher when making person related rather than task related judgments (Tse *et al.*, 1994) Another observation is that the Chinese are highly conflict avoidant with this tendency rooted in the preoccupation with face (Chang and Holt, 1994; Hwang, 1987). As this review indicates there are considerable differences between the Westerners and the Chinese in their negotiating style. These differences manifest themselves as differences in the behavioral, the interpretational, and the conflict management scripts, all of which may impede the process of value creation (Kumar, 1999a, b).

Social capital and the dynamics of Sino-northern European negotiations

Given these potential interactional difficulties between the northern Europeans and the Chinese, how effectively are the managers on either side able to manage these difficulties? This was the central question motivating our research and to anticipate some of our findings we note that different dimensions of social capital played an important role in determining the effectiveness/efficiency with which the participants were able to manage the emerging interactional problems. In this section we review the empirical evidence both from the northern European and the Chinese perspective (see Table I).

Cognitive dimension and the management of interactional difficulties in Sino-northern European business negotiations

The argument has been advanced that cognitive similarity among the negotiators makes the negotiators both more motivated and/or capable of managing the interactional difficulties stemming from the parties conflicting negotiating styles. Cognitive similarity has a number of different dimensions, namely:

- mutual understanding of each other's goals/objectives;
- similarity in persuasive styles; and
- communicative effectiveness, i.e. how well do the parties understand each other.

The data gathered from the Chinese and the northern European business people shed light on all of these dimensions.

The data suggests that while the Chinese managers had a good understanding of the northern Europeans' business objectives the northern European managers did not have as good an understanding of the goals/objectives of their Chinese counterparts. The consistency among the Chinese managers in their perceptions of their counterparts is echoed in a number of comments made by them. For example, one Chinese manager noted "The Europeans know their bottom line and expectations. They have a very clear sense of the goals they wish to pursue". Another noted "Europeans are primarily interested in maximizing profitability". Similarly, a third Chinese manager observed "There is no conflict and we see the negotiation process as rather dynamic. In general, the negotiation with Westerners centers on fostering cooperation through developing common interests". The northern European manager's lack of comprehension about the objectives of their Chinese counterparts is reflected in a number of comments made by them. For example, one manager noted "Negotiation takes a long time because there is no

Table I. Dimensions of social capital

Cognitive dimension	Relational dimension	Structural dimension
Mutual understanding of objectives Chinese have better understanding of Danish objectives than the other way Chinese understanding more based on experience than abstract knowledge	*Attitude towards time* Danes found negotiations time consuming – especially at the onset Identification takes time. Danes try to reduce relationship building time *Perception of trust* Trust more enduring in China Trust is built in face-to-face communication Chinese focus more on affect-based trust than Danes	*Network ties* Danes emphasized the importance of relationships (*guanxi*) *Network configuration* Danes have difficulties figuring the pattern of interconnectedness among the Chinese (*guanxiwang*)
Similarity in persuasive style Danes need to gain access to decision-makers The Chinese focus more on long term relationships	*Managing face* Face (mianzi) means prestige Similar to trust Do not let the Chinese lose face Interest in Chinese culture is a moderating factor *Information exchange* The Chinese are considered willing to exchange information, but are often unaware of existing information	*Intermediaries* Intermediaries play an important role in China, because of the difficulties in penetrating Chinese networks
Communicative effectiveness Difficulties if no common language Different perception of interpreters' role Easier to communicate with younger Chinese	*Perception of flexibility* The Chinese are considered flexible, although the system is rigid. The Danes are considered inflexible Chinese are more situational *Management of obligations* The Chinese remember help, because they see it as an obligation Fulfilment of obligations is part of the relationships	*Communication configuration* Danes more direct than the Chinese in their communication style Danes consider Chinese communication processes slow

common understanding. The Chinese say 'yes', 'yes', 'yes'. It takes a long time to understand what they talk about. Even when we are using the same words we are not conveying the same meaning". Similarly, another northern European manager observed "But the Chinese probably understand the foreigners better than northern Europeans understand the Chinese. The Chinese are more experienced negotiators". Consistent with this, another northern European Manager noted "Often they understand, but deny it if it is not in their interest". The inability of the northern Europeans to fully comprehend the strategic motivations of the Chinese may be attributable to differences in underlying cognitive processes. As Paik and Tung (1999, p. 109) observe "Asian managers tend to analyze issues in a more systemic, circular, and interactive way as compared with the American managers who often examine issues based on linear causality". Although this observation is made in reference to American managers it is applicable even in the northern European context inasmuch as there is a fundamental difference in Asian and Western ways of thinking (Nisbett *et al.*, 2001). Consistent with Paik and Tung's observation, Nisbett *et al.* (2001) note that the Chinese are much more holistic in their thinking, whereas the Westerners are much more analytical. As they note:

> Holistic approaches rely on experience-based knowledge rather than on abstract knowledge and are dialectical, meaning that there is an emphasis on change, a recognition of contradiction and of the need for multiple perspectives, and a search for the "middle way" between opposing propositions (Nisbett *et al.*, 2001, p. 294).

The interview data also highlights the fact that the Chinese and the northern Europeans found it difficult to persuade each other. An inability to persuade the other party impedes the efficiency and/or the effectiveness of the negotiation process. From the northern European perspective the key to persuasion depends on gaining access to the right person; negotiating with younger as opposed to older people; providing the Chinese with some fringe benefits, and exerting maximal pressure, and/or by convincing them that the parties face a common problem which they must resolve amicably. Symbolic commitments may also be useful. As a northern European manager observed "A way to persuade the Chinese is to tell them why the company is in China, how big it is, how many employees, see the nice building we have, and subsequently mention the problems which we will solve". The perspective of the Chinese is somewhat different. As one Chinese manager noted "The Europeans do not understand our way of negotiations". Another noted "Our goal is to form a business partner in the long run". It would appear that from a Chinese perspective the rational argumentation is eclipsed by a focus on the longer term relationship and any specific action/policy of a western negotiator is evaluated from that perspective (Li *et al.*, 2001).

Finally, there is the problem of communication effectiveness, given that these negotiations are conducted through the use of an interpreter. The role of an interpreter is a delicate one. While even the most effective interpreter does not substitute for face-to-face interaction, a poor interpreter may damage the relationship and heighten the perceived divergence of goals among the parties. As one northern European manager noted "A wrong interpretation can create a severe conflict". Another insight on the problematics of interpretation is provided by another northern European manager who notes "The main problem is that you cannot communicate. It is difficult to convey confidential information through an interpreter". The point was also made that there were few good interpreters and that this hindered the development of common understanding. The Chinese managers recognize the importance of using interpreters but noted that this was not the ideal solution. Furthermore, unlike the northern Europeans, who perceived the interpreters as shaping the quality of the relationship between the parties the Chinese, by contrast, did not perceive them to be playing such a decisive role. This observation of the Chinese is at variance with an observation made by a northern European manager who perceived the Chinese to be wary of the use of interpreters, with this wariness increasing when they had to deal with interpreters who were not their own. The Chinese, as this respondent noted, would often insist on the use of their interpreter and in circumstances where that was not possible, became even more guarded in sharing information.

Our data suggests that the northern European and the Chinese negotiators had an incomplete/imperfect understanding of each other's goals/objectives; the communication effectiveness was constrained by the use of interpreters; and persuasive ability was limited by conflicting approaches to negotiations, with the Chinese focusing on relationships, while the northern Europeans focusing on attaining the deal. In other words, cognitive similarity between the negotiators was not high. However, one intriguing finding in all of this is that the cognitive similarity among the negotiators was enhanced when the northern Europeans were negotiating with Chinese who were younger. Indeed, there is some evidence suggesting a generational shift in China, with the younger Chinese managers being more attuned to western behavioral norms. One implication of this is (although it is not tested in this study) that Western managers may be able to conduct their negotiations more effectively/efficiently when dealing with Chinese who are younger, as opposed to being older.

Relational dimension and the management of interactional difficulties in Sino-northern European business negotiations

We have argued earlier that personal relationships facilitate the process of value creation inasmuch as they enhance the actor's motivation and commitment to work together for mutual gain. If relationships are critical, then what are the critical elements that influence the development of the relationship and how do the northern Europeans and the Chinese perceive each other on these dimensions? The interview data suggests that the strength of the relationship is crucially shaped by the attitudes of the negotiators towards time, their trust perceptions, face management, pattern of information exchange, perceptions of flexibility, and the management of obligations.

Attitude towards time. The Chinese and the northern Europeans differed considerably in their attitude towards time. A view consistently expressed by the Chinese negotiators was that "spending time at the onset is essential in gaining information and understanding one's counterpart". Some of them also maintained that the greater the time spent at the negotiating table, the greater the probability of attaining success at the negotiation table. The northern Europeans were much more time conscious but had by now developed the understanding that not much could be done to short circuit this process. This understanding is reflected in a comment by a northern European negotiator who noted "They need time to speculate and regain their face. The most frustrating is the waste of time during long negotiations". Likewise, another manager noted "The problem identification takes time in China. Nothing happens at the onset of negotiations". In a similar vein another manager noted "It is important to spend time together. They like to continue to negotiate during the weekends". Although the northern Europeans had become aware of the differences in the temporal orientation between themselves and the Chinese they were always looking around for ways to short circuit the processes.

Perceptions of trust. China is a collectivistic society and in collectivistic societies trust building is considered vital to successful negotiations (Paik and Tung, 1999). The comments of Chinese managers were consistent with this characterization. For example, one Chinese manager noted that "Chinese believe the development of trust takes time, but by the same token it is enduring". Although the northern European managers, by and large, agreed with the Chinese assessment, the general consensus is well exemplified in a comment made by a northern European manager who added a few caveats of their own "Trust is a precondition but the price must still be right. Even in big projects they will tell you that you are 3 percent too expensive". The northern European managers also noted that trust building with the Chinese is a time taking affair involving frequent face-to-face meetings and socialization, and perhaps even more significantly while "trust based relations are kept, payment terms may or may not be kept". Although on the face of it these observations by the managers may be deemed somewhat inconsistent they may be reconciled by noting that there are two distinct kinds of trust, namely cognitive trust and affect-based trust (McCallister, 1995). The observations made by the managers would seem to suggest that while they have succeeded in developing cognitive-based trust they have not been successful in developing affect-based trust. Organizational scholars note that in collectivistic cultures like the Chinese, cooperation is dependent more on affect-based trust than it is on cognitive-based trust (Chen *et al.*, 1998). Perhaps this is the reason why the Chinese, in a number of cases, have continued to insist that the price is a little too high. One logical implication of this is that the motivation and the ability to cope with interactional difficulties are critically dependent on the ability to develop affective-based trust. Indeed, it may very well be the case that the level of social capital in intercultural interactions has embedded in it a strong affective component.

Managing face. Face is a central construct in Chinese society. It is literally the front part of the head and the first thing that is noticed when meeting another person. Face reflects the complexity of interpersonal relationships in China (Chang and Holt, 1994). There are two dimensions of face, namely *mianzi* and *lian* (Earley, 1997). The former refers to a person's status or prestige derived from personal accomplishment, whereas the latter refers to the internal attributes of the person i.e. is the person morally good. Another important distinction between the two is that while *lian* can be lost or maintained it cannot be recovered very easily. Thus any action or behavior that affects one's *lian* is likely to have profoundly negative implications. While face is important in all societies the relative importance of *mianzi* or *lian* varies across cultures (Earley, 1997). Almost all of the northern European respondents (with the exception of one) highlighted the importance of giving face to the Chinese and in particular stressed the fact that the Chinese should not be caused to loose face. As one manager noted "Face is like trust. If you repudiate a Chinese you have lost him. On the other hand one cannot praise people enough in China". The northern European managers noted that the most problematic aspect is not to give face, but to cause the Chinese to lose face even unintentionally. Any action or behavior, intentional or otherwise that casts a cloud on the internal attributes of the Chinese will have negative ramifications. Nevertheless, there are conditions under which this may not always be the case. As a northern European manager noted "If I cause somebody to lose face then they remember my interest in the Chinese culture". The implication being that where the Chinese possess a positive schema of their foreign counterpart they may be willing to be more generous or tolerant.

Patterns of information exchange. Negotiation scholars note that a free flow of information is an essential even if it is not a sufficient condition for developing integrative agreements (Pruitt, 1981; Thompson, 1991). A free flow of information allows negotiators to understand the other party's underlying interests and in doing so craft an agreement that may be mutually beneficial. A majority of Chinese respondents noted that the Europeans are willing to exchange information. By contrast, a general perception in the literature is that the Chinese, unlike the Westerners, are more reluctant to exchange information. Our findings have uncovered a strikingly different pattern. The majority of the northern European respondents noted that the Chinese are willing to disclose the information provided that they have it. A common perception among our northern European respondents was that the Chinese were unaware of the existence of the relevant information. As one manager noted "In general the

Chinese are willing to disclose the information provided they possess it". Likewise, another manager observed "Not too willing to exchange information because they do not have the required information. Chinese firms are not accustomed to collect information". This intriguing finding is indicative of the fact that perhaps, and just perhaps, the mindset of the Chinese is changing. It is also consistent with Zhao's (2000) finding that in a rapidly changing China a win-win strategy for negotiation (which necessitates a more freer exchange of information) is being taught and used much more frequently than in the past.

Perceptions of flexibility. Flexibility is essential to successful negotiations. Flexibility allows the negotiators to reconcile their interests in an integrative as opposed to a distributive manner. But, perhaps even more importantly, flexibility signals the willingness of the negotiators to work together, a signal that is particularly important when there are cultural barriers among the negotiators. The vast majority of our Chinese respondents did not perceive the northern European to be particularly flexible. As one Chinese manager noted "Westerners are very focused on rules as opposed to outcomes". Likewise another Chinese negotiator noted "Europeans are not flexible during business negotiations. Once they have developed their position there is little room left for the Chinese to maneuver". Interestingly enough, the northern Europeans also did not consider the Chinese to be flexible for the reason that the Chinese have to negotiate under a set of organizational constraints stemming from the bureaucracy. Although the data suggests that neither group consider the other to be flexible it is perhaps the case that flexibility emerges at different stages in the negotiation process. For the Chinese flexibility comes into play once a relationship has been established. By contrast, for the northern Europeans, there is flexibility till the time that a contract has been signed but subsequent to that it vanishes. The different times at which flexibility emerges in China and in northern European countries is reflective of the fact that while the northern European managerial style is very much process driven (Worm, 1997), the Chinese managerial style is situationally driven. Although external contingencies govern behavior universally, theorists note that east Asian behavior is more often than not governed by the logic of the situation (Nakamura, 1964).

Management of obligations. The fulfillment of duties/obligations is essential to the Confucian worldview. In large part one's ability to be a good person is critically dependent on the degree to which one is able to discharge one's obligations in a satisfactory manner (Hwang, 1987; Gao, 1996). As Tu (1985, p. 115) notes "For the son to cultivate himself, in this view, he must learn to suppress his desires, anticipate the wishes of his father, and take his fathers commands as sacred edicts" More broadly the Chinese possess what has been described by Markus and Kitayama (1991) as an interdependent self, and by Higgins (1987) as an ought self and one of the essential features of this self is the emphasis given to fulfilling one's obligations. The northern European managers emphasized the importance of this dimension in their comments repeatedly. One manager noted "Help a Chinese out of a problem and he will remember it". Another noted "The Chinese remember what one has promised them. Never say that Mr X will come next time if you are not sure". Likewise another manager observed "The loser of a project will always get something, if he is a good friend". Perhaps most tellingly manager noted "You do not say thanks to a Chinese friend". The importance of this dimension is perhaps so salient in the Chinese mind that they expect northern Europeans to repay them any favors that they may have done for them although the repayment is neither expected and nor should it occur immediately. Likewise, the Chinese expect the Europeans to take their verbal commitments more seriously then their formally written legally binding commitments. There is a high degree of unanimity among the interviewees (Chinese and northern Europeans) that the development of the relationship is crucially shaped by how the parties manage their mutual obligations. From a northern European perspective the continuous attention to the management of obligations is tedious at best, and a major irritant on the other extreme. The Chinese, by contrast, consider the fulfillment of obligations an essential ingredient of a relationship.

Structural dimension and the management of interactional difficulties in Sino-northern European business negotiations

The structural dimension of social capital refers to the overall pattern of connectivity among the negotiators. The pattern of connectivity has a number of distinct dimensions, namely:

- network ties;
- network configurations;
- intermediaries; and
- communications configuration and socializing.

Network ties refer to the strength of the relationship between the Chinese and the foreign negotiators. Strong network ties enable the negotiators to gain benefits of access, timing, and referrals (Burt, 1992). Access relates to the negotiators ability to obtain valuable information; timing to how soon such information is made available; and referrals relate to the ability to secure information about other individuals within the network or to other projects that may be of interest to the actors. Network configurations define the way in which these ties are structured. There are three elements here; namely:

(1) density;

(2) network hierarchy; and

(3) network centrality.

Density defines the pattern of interconnectedness among members of the network. The greater the interconnectedness the greater the density. Network hierarchy refers to how centralized or decentralized the network is, while network centrality defines the strategic significance of the network in question. Intermediaries refer to the presence of any third party at any stage of the negotiation process while communications configuration define the pattern of communication among the negotiators with the socializing configurations referring to the nature of the social interactions among the negotiators.

The northern European managers overwhelmingly emphasized the importance of network ties in facilitating the process of negotiations. As one manager observed:

> You cannot do business if you don't have *guanxi* and know something about the *guanxi* relations in the Chinese organization you are dealing with. Our local people have an excellent *guanxi* network. I can call the boss of all major organizations and set up a meeting because of good *guanxi*.

Other northern European managers made the observation that the possession of a long-term orientation confers a competitive advantage on the Western firm. Another manager observed "Chinese prefer long term relationships with Westerners. The Chinese negotiators reinforced the importance of *guanxi* in doing business with them making the essential point that the presence of *guanxi* makes it easier for the western negotiators to convince their Chinese counterparts. Our findings buttress those of Keister (2001) and that of Park and Luo (2001) who have argued that *guanxi* continues to play an important role in China notwithstanding the growing emergence of the market economy in China. In a study of ingroup lending and trade relations in China's early business groups Keister (2001, p. 348) noted "Not only did firms adopt to trade with seemingly stable partners, but they were also willing to forgo less expensive alternatives to establish or maintain these relations". While noting that there are differences in the utilization of *guanxi* across firms Park and Luo (2001) note that *guanxi* continues to play an important role. In particular they point out "Repeated interactions in a *guanxi* network lead to a socially embedded relationship that demands continual commitment from all parties" (Park and Luo, 2001, p. 474). Our data suggests that there is indeed a high degree of consensus among the Chinese as well as the northern Europeans, in their perceptions of the importance of *guanxi*.

The northern European negotiators often had a hard time identifying the pattern of interconnections (network configurations) among the Chinese negotiating team. Although it is now easier to determine who the boss was it was still not clear how best to deal with the negotiating team in the absence of a good understanding of their intragroup dynamics. As one manager noted "Sometimes it is difficult to see who has the power. If negotiations are not going well it is often more difficult to penetrate their internal power structure". Or as another manager noted "It is impossible to see how they internally relate with each other. A does not like B because B took A's position many years ago". For the Chinese negotiators network configurations were less central as the northern Europeans stated their goals and objectives fairly upfront and relational orientation was not that strong in the northern European firms. Both the northern European and the Chinese managers acknowledged the existence of different communicative styles among them. The Europeans were viewed by the Chinese as being more direct and willing to acknowledge problems while the northern European characterized the Chinese communicative style as an indirect one. A related comment was that the communicative process is at times very slow owing to the Chinese reluctance to accept any responsibility or even acknowledge the existence of a problem. As far as socializing is concerned both the Chinese and the northern Europeans recognized its importance, although from the northern European perspective it would appear that it is perhaps not as strategically significant now as it was earlier. A northern European manager noted "Socializing is not important for the results; only formal negotiations are". Still another noted "There is less wining and dining than earlier". Similarly another European manager commented "Decisions are not made during banquets". The Chinese while perhaps conceding to a degree that socializing is not all-important still noted its importance, and especially so in the context of establishing a long-term relationship.

Conclusion

The paper has highlighted the role played by social capital in shaping the dynamics of the negotiation process between the northern Europeans and the Chinese. A central theme of the paper is that while there are conflicting negotiation scripts in these cultural groupings, conflicting scripts do not inevitable produce dysfunctional outcomes. Whether or not a positive or a negative outcome occurs is very much dependent on the quality of the pre-existing relationship among the negotiators, a quality, that is perhaps best gauged through the construct of social capital. The fundamental notion is that when the social capital is high the negotiators are likely to be both motivated as well as capable of dealing with the interactional difficulties that may arise in the negotiation process. This is an exploratory study in which we have attempted to outline the mechanisms through which social capital shapes the negotiating dynamic. Social capital has three major constituent elements, namely:

(1) cognitive dimension;
(2) relational dimension; and
(3) the structural dimension.

The three elements are not entirely independent of each other, but by the same token, they independently have a unique significance. The cognitive dimension determines the level of strategic congruence among the negotiators. If the congruence is high the negotiators may well be able to overcome any ensuing interactional difficulties. The relational dimension highlights the affective quality of the relationship among the negotiators. Relationships characterized by a high degree of positive affect may well be better positioned in coping with the strategic ambiguities of the negotiation process. The structural dimension highlights the network structure in both group and the ability of the negotiators to penetrate the other's network structure. The more easily the negotiators from one group able to penetrate the network on the other side the more well positioned are the parties to cope with the ongoing conflicts among themselves.

While our study has highlighted the importance of social capital in shaping the negotiating process the study has also uncovered some new findings about Chinese negotiating behavior. First, as has been outlined earlier, our study contradicts earlier findings in the literature that the Chinese are unwilling to exchange information. The vast majority of our northern European respondents believed that the Chinese are more than willing to share this information provided they have access to the information. Second, there appears to be a generational shift occurring in China, with the behavior of younger Chinese negotiators more in tune with that of their western counterparts. Although it may be a little premature to draw a definite conclusion on this phenomenon, there is other work which seems to be pointing in the same direction. Duckett (2001), for example, has argued, that the younger Chinese bureaucrats are much more adaptable, flexible, and are exhibiting a dynamism that has not been seen earlier. Consistent with this the northern European respondents time and again indicated their preference in negotiating with the younger Chinese. Finally, it would also appear to be the case that while the northern Europeans do experience interactional difficulties in negotiating with the Chinese, they appear not to be overwhelmed by them. It would appear that there is some mutual learning going on, with learning helping the participants to strengthen the social capital among them. Finally, it is worth noting that while practitioners and theorists alike have emphasized the importance of relationships in doing business with the Chinese, they have insufficiently addressed the importance of emotions in the initiation of, and the maintenance of these relationships. Although the two are inextricably intertwined, the affective bonding is crucial in cementing the bonds of social capital.

The exploratory study that has been described here has a number of implications for future research as well as for managerial practice. We will address each of these issues in the following paragraphs.

Research implications

The literature on cross cultural negotiations is expanding at a rapid rate and scholars have begun to develop both generic frameworks for explaining the dynamics of cross cultural negotiations (Brett, 2000; Gelfand and Dyer, 2000; George *et al.*, 1998; Kumar, 1999a) as well as frameworks unique to a specific culture (Fang, 1997; Faure, 1998; Kumar, 1999b). While this work has clearly advanced our understanding of the dynamics of cross-cultural negotiations, there is perhaps the necessity of analyzing some of the constructs embedded in these frameworks at an even more micro level. A central theme in many of the frameworks that have been developed is the importance of relationships. The concept of relationship as we have argued in this paper is multidimensional in character, with the different dimensions of this construct affecting the negotiation process in different ways. In the present study we have not explicitly measured social capital but have attempted to highlight the linkages between social capital and negotiation processes and outcomes. Future research may want to more formally examine the impact of social capital on value creation through questionnaire based surveys and structural equation modeling (Tsai and Ghoshal, 1998).

This study has explicitly focused on the dynamics of Sino-northern European interaction. An interesting issue to examine would be whether the dynamics entailed in Sino-northern European negotiations are similar to or different from Sino-north American or Sino-European interactions (we are referring to all other countries in Europe) While we would suspect that there would be similarities between Sino-northern European and Sino-European and Sino-north American interactions, we would suspect that there may well be differences as well. Much of what has been written about Chinese negotiating behavior comes from a north American perspective (for exceptions, see Fang, 1997; Faure, 1998) and it may not be immediately clear whether this is telling us more about the north Americans or about the Chinese. A more definite answer to this puzzle can only be uncovered if we assess the dynamics not just of Sino-north American but also of Sino-European interactions. The rationale for this is the simple idea that reality is socially constructed and the further observation that negotiation is a process by which the actors jointly seek to create a new reality. Given the differences between the north American and the European cultural context this may well be worth pursuing.

Managerial implications

The results of our study also have a number of significant managerial implications. Our study builds on general consensus among scholars and practitioners that the ability to initiate and sustain relationships with the Chinese is absolutely essential by suggesting that relationship development involves an interaction between cognitive, behavioral, and structural factors. While it is important to have the "right" individuals who can interact effectively with the Chinese, it is equally essential that the organization has the right network in place in the Chinese sociocultural context in order to effectively exploit the emerging opportunities. This will not happen overnight but the development of this strategic capability is essential. A particularly interesting finding is the fact that it may be easier for Westerners to interact with the younger Chinese (i.e. below 45 years of age) for the simple reason that the behavioral styles and the objectives of these individuals are likely to be more congruent with northern Europeans in particular and Westerners in general. Those doing business with the Chinese also ought to more carefully scrutinize the assumption that the Chinese are unwilling to give information. Our results suggest that the Chinese may take time in giving information but in principle are not unwilling to do so. Finally, for western companies doing business in China, flexibility may confer on them a competitive advantage insofar as the Chinese are likely to perceive flexibility very much an important aspect of fulfilling obligations. This will allow the Westerners to gain an important source of leverage. From the Chinese perspective the study suggests that while the cultural gap with the northern Europeans undoubtedly remains, the latter are being able to cope with this gap with some degree of success. Most of the northern European managers whom we interviewed recognized the cultural gap but at the same time were able to engage in improvisation to cope with the challenges confronting them. In other words, reciprocal learning seems to be occuring, although its pace and content remain as yet to be fully explored.

Coping with cultural differences is a challenge that is not going too away any time soon in Sino-Western interactions. With China poised to become the world's largest economy within the next couple of decades, foreign businessmen and the Chinese entrepreneurs and officials must learn to interact effectively to create value for either party. This paper has sought to highlight the challenges inherent in this endeavour. How effectively the different actors cope with these challenges will determine in large part whether the cultural gap gets exacerbated or lessened over time.

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Negotiation approaches: direct and indirect effect of national culture

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Abstract *The focus of the study is on direct and indirect effects of national culture on negotiation behavior in international business. It argues that negotiation approach is conditioned primarily by relational contextual variables, e.g. relationship commitment and relative power, that national culture exerts direct influence on the preferences for negotiation approaches, and that national culture also has indirect influence in the choice of negotiation approaches while interacting with relational contexts. The hypotheses are tested among samples of American and Chinese joint venture managers in China. The study findings, especially those on the interaction between national culture and relational contextual variables, afford important theoretical and managerial implications.*

Introduction

National culture is "perhaps the broadest social context within which negotiation can occur" (Carnevale, 1995, p. 310). When individuals conduct business across national borders, they often bring to the negotiation table diverse cultural predispositions with which they interact with one another (Graham *et al.*, 1994; Tinsley and Pillutla, 1998; Simintiras, 2000). However, although the affect of national culture on negotiation approaches has been widely assumed in international business, conceptualizations have been inadequate. Largely treating national culture as a predictor variable, existing studies focus on how cultural dimensions might exert direct influence on the preference for any given negotiation approach. We believe that this treatment of national culture is too simplistic in specifying the mechanisms through which culture affects negotiation behavior. Incorporating national culture as a theoretical variable, extant research stops short of placing national culture in a systemic framework that simultaneously examines various crucial variables that collectively constitute a contextual condition within the negotiation process. While many studies imply that national culture is the source of behavioral differentials in negotiation, it may well be that it only interacts with more critical contextual variables in determining negotiation behavior and outcomes (Gulliver, 1988; Brannen and Salk, 2000). In this study, we assume:

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- negotiations, regardless of their participants' national culture backgrounds, follow generalizable underlying process;
- national culture has a direct effect on the negotiation approach; and
- national culture has an indirect effect on the negotiation approach.

Our research contributions focus on the interaction between national culture and relational contextual variables. To our knowledge, research indicating the indirect effect of national culture along this particular line is nonexistent. Only interactions between national culture and certain demographic variables have been examined (Mintu-Wimsatt and Gassenheimer, 2000).

For purposes of this inquiry, we choose US and Chinese joint venture (JV) managers in the People's Republic of China (hereafter China) as research subjects since they represent two rather distinct cultural systems. In light of the strategic significance of the JV arrangement indulging US businesses' presence in China, investigation into US-Chinese JVs also affords important managerial implications. In the subsequent section, we review relevant literature and develop our research hypotheses. Next, we describe the research context and methodology for the study. Then we present the research results. We conclude by examining the study's limitations and outlining future research directions.

Negotiation approach and its relational context

International joint venture partners' negotiation approaches

To a large extent, partners in international joint ventures (IJVs) have to face emergent problems but can hardly escape from disagreements by leaving the relationship. For this reason, IJVs are nothing but ongoing negotiation (Brannen and Salk, 2000). Work on international business negotiation (Graham *et al.*, 1994) and Chinese-foreign JVs (Wang, 1992), supplemented with the findings from our field interviews with managers in Sino-foreign JVs, reveals four popular negotiation approaches in IJVs. These are problem solving, compromising, forcing, and legalism.

Problem solving. With the problem-solving approach, participants openly exchange information about goals and priorities and actively search for alternatives to meet both parties' decision criteria (Pruitt and Lewis, 1977). For ongoing exchanges such as JVs, openly shared problem solving is considered the key to sustaining positive working relationships because it is the approach most likely leading to a "win-win" condition (Peterson and Schwind, 1977). The real challenge to alliance success often is not that disagreements occur over time, but that the parties are unable, or unwilling to face each other and discuss the problems openly (Spekman *et al.*, 1996). However, despite its integrative nature (Graham *et al.*, 1994), a problem-solving approach can carry an argumentive or assertive tone, since the process of problem solving requires that conflicting interests be directly confronted.

Compromising. JV partners may choose to resolve any disagreement by compromising, that is, they may seek a middle ground between the initial positions of both parties. While a problem-solving approach is aimed at maximizing the joint gain, compromising is used for distributing the outcomes equally between the two parties (Tinsley and Pillutla, 1998). Thus comparatively, compromising may not demand as much involvement from each party and therefore tends to stop short of fully exploring the best available alternative (Pruitt and Lewis, 1977). In an attempt to reach a mutually acceptable agreement, both parties may yield what they feel to be legitimate gains. Many JV partners we interviewed simply referred to the compromising approach as cooperation.

Forcing. This is a negotiation approach utilized when power is used to make the other party comply (Blake and Mouton, 1964). To dominate a decision situation involving conflicting interests, a JV partner may use several power source such as technology expertise and management position. While use of power may lead to solutions with minimum interaction effort, its consequences can be counter-productive. According to Perlmutter and Heenan (1986), alliances that have resorted to dominance tend to be inherently weak. For example, when voting is used in decision making, the goodwill of the minority partner is frequently lost (Killing, 1982).

Legalism. This is a negotiation approach where a party appeals to a formal legal contract and/or informal binding agreement to gain compliance (Frazier and Summers, 1984). Legal documents provide an institutional framework within which JV partners carry out ongoing negotiations. When disagreements arise, a partner may refer to JV contracts, remind the other partner of contractual obligations, or interpret written agreements to convince the other partner. However, the effectiveness of legal mechanisms is limited for two reasons. First, no legal document can be comprehensive enough to provide unambiguous solutions for all possible contingencies (Koot, 1988). Second, and more seriously, a legalistic approach may signal mistrust and therefore poisons the cooperative climate in the long run (Macauley, 1963).

Relational context of negotiation approach

Various contextual antecedents to negotiation approaches have been identified. However, not all contextual variables assert equal influence when circumstances change. As in the present study, which investigates ongoing negotiation in an inter-organizational setting, relational variables are perceivably more critical than those derived from individual properties and psychological states. The relationship between the parties provides a fundamental "context" in which negotiations occur and therefore should be treated as the central explanatory concept for understanding negotiation (Greenhalgh, 1987). From a holistic perspective (Thorelli, 1986), the present study examines two key and largely opposite dimensions of the relationship: relationship commitment and relative power.

Relationship commitment. This is viewed as "an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it" (Morgan and Hunt, 1994, p. 23). Relationship commitment represents the willingness to implicitly or explicitly pledge relationship continuity between exchange partners (Dwyer *et al*., 1987) and to act against strict utilitarian considerations in negotiation (Greenhalgh, 1987). Since relationship commitment forecloses comparable exchange alternatives, partners are more likely to act adaptively in resolving conflict (Dwyer *et al*., 1987). In IJVs, commitment provides a basis by which problems are addressed and solved (Lane and Beamish, 1990). When parties decide that a JV is worth their effort to maintain, a win-win atmosphere often prevails. Thus, they are more likely to search for some solutions that are acceptable to both parties. In many cases, integrative problem solving is preferred negotiation approach. In other cases, committed parties simply give and take to find a middle-ground compromise. With a long-term orientation, a party understands that gain and loss will balance out in the future. Conversely, forcing or dominating a solution will be avoided by committed parties because such an approach represents a win-lose orientation (March and Simon, 1958). Likewise, commitment provides a foundation for the development of social norms of governance. As a result, committed parties tend to eschew resorting to formal procedures in conflict resolution (Kaufmann and Stern, 1988). Legal mechanisms can reduce ambiguity and be time-effective in ongoing negotiation. However, when parties attach to each other affectively, they often are willing to keep their interaction within the informal and interpersonal domain. The preceding discussion is formally stated in the following research hypothesis:

H1. As a party's relationship commitment increases, its use of (a) problem solving and (b) compromising will increase, but its use of (c) forcing and (d) legalism will decrease.

Relative power. Relative power is the extent to which one party is more powerful than the other. In general, power imbalance dispirits integrated approaches and induces more coercive behavior in negotiation. With higher power, a party may shy away from integrative problem solving because it is in a position to gain a more favorable outcome through more competitive approaches. The party would request or even demand information from the weaker but not reciprocate in kind (Lusch and Brown, 1996). The party is also less likely to make concessions and that is why compromise is difficult to reach among participants in power asymmetry (Rahim, 1983). By the same token, the high power negotiator is more likely to take a heavy-handed approach in resolving a disagreement, presumably because the low power negotiator cannot afford a hopeless power struggle. Finally, the adoption of a legalistic approach in negotiation may relate to a party's relative power in the JV. The wordings of legal documents, which are used to structure the relationship, are likely to reflect the power inequalities between parties. Therefore, the stronger party is able to take advantage of the legal mechanisms in negotiation over disagreements. The preceding discussion suggests the following hypothesis:

H2. As a party's relative power increases, its use of (a) problem-solving and (b) compromising will decrease, but its use of (c) forcing and (d) legalism will increase.

Effect of national culture

Prior research provides evidence for national culture's influence on the preference for any given negotiation approach (Leung, 1988; Graham *et al*., 1994). Along this line of thinking, the current study includes national culture as a predictor of the negotiation approach. Furthermore, several national culture dimensions are thought to influence negotiation behavior through interactions with relational contextual variables (i.e. relationship commitment and relative power). Since national culture may directly relate to the criterion variable while interacting with other predictor variables, it is treated as a "quasi moderator" (Sharma *et al*., 1981). It should be noted that the cultural dimensions examined in the following section may be correlated to a certain degree. This is not surprising, since what we call national culture indeed consists of different, but inter-connected dimensions (Hofstede, 1980).

Direct effect of national culture

To examine national culture's direct effect on negotiation behavior, this study includes two highly-researched cultural dimensions in cross-cultural negotiation – individualism versus collectivism and high- versus low-context of communication. It also includes tolerance for ambiguity, a cultural dimension that has not received due attention but apparently has predictive power.

Individualism-collectivism concerns the relationship between the individual and his/her group (Hofstede, 1980; Triandis, 1986) and substantively distinguishes American and Chinese cultures (Ting-Toomey, 1988). The Chinese, members of a collective culture, emphasize group goals and needs, and strive to maintain relational harmony. In contrast, the Americans, members of an individualistic culture, value individual freedom and interests, and endorse competition (Hsu, 1985). Also, under the influence of Taoism, the Chinese culture maintains a being orientation, in contrast to the American culture's doing orientation, a drive to seek control of one's fate (Chan, 1967). To preserve collective harmony, the Chinese are less likely to take a dominating or coercive stance toward negotiation, but instead seek a middle ground between conflicting positions. Because of the passivity implied in the collective orientation (Sekaran and Snodgrass, 1989), the Chinese tend to see the confrontational aspect of problem solving as potentially destructive and opt for moderate positions that partially satisfy both parties. By contrast, the Americans consider problem solving as an integrative approach because they are oriented toward fact-based solutions within negotiations (Trubisky *et al.*, 1991).

High-low contexts of communication is another cultural dimension that has been consistently linked to cultural differences in negotiation behavior (Graham *et al.*, 1994). Contexts are background information critical to interpersonal interaction such as social status. One basic difference between high- and low-context cultures is the degree of reliance on non-verbal communications (Hall, 1976). Members of high-context cultures (e.g. Chinese) are not likely to express their opinions openly and explicitly, whereas members of low-context cultures (e.g. Americans) appreciate openness and directness with little attention to hidden contexts. In a JV setting, when an American partner seek out and deal with the facts, his problem-solving approach may be perceived by his Chinese counterpart as showing dislikes (Newman, 1992). Comparatively, members of high-context cultures also are more likely to refrain from using a legalistic approach. When people are heavily involved in each other's lives, less information needs to be explicitly codified (Hall, 1976). For the same reason, any resort to legal measures for resolving disagreement is likely to be perceived by the Chinese as signaling failure of a relationship.

Related to high-low contexts of communication is the cultural dimension of tolerance of ambiguity, the extent to which a culture programs its members to feel either uncomfortable or comfortable in unstructured situations (Hofstede and Bond, 1988). Mirrored in rule-oriented modern Western organizations, cultures with low ambiguity tolerance prefer explicit rules and regulations and complex organizational structures to safeguard against the unknown future (Hofstede, 1980). On the other hand, ambiguous expressions in speech and thought are endorsed in many Asian societies to serve different social purposes (Levine, 1985). For example, the Americans have a tradition which pursues specificity and decisiveness and affords little room for the cultivation of ambiguity (Northrop, 1959). Conversely, the Chinese culture has a high tolerance for ambiguity in "situations", never believing in one "truth" (Hsu, 1985). Tolerance for ambiguity leads to more compromising (Kale and McIntyre, 1991) but less legalism. In US-Japanese JVs, American partners often prefer explicit, detailed contractual documents whereas their Japanese counterparts favor implicit, broadly termed agreements, as they perceive of some desirable aspects of ambiguous relationships (Pascale and Athos, 1981).

The preceding discussions lead to the following hypothesis in the US-Chinese JV context:

H3. The American partners are more likely to use problem-solving, forcing, and legalism, whereas the Chinese partners are more likely to use compromising in ongoing negotiation.

Indirect effect of national culture

Two cultural dimensions appear to significantly interact with relationship commitment and relative power in the choice of negotiation approaches: ingroup-outgroup consciousness and mode of exercising authority.

Ingroup-outgroup consciousness is closely related to the individualism-collectivism dimension of national culture. Compared to members of individualistic cultures, members of collective cultures tend to be more sensitive to group membership in social encounters. With intense group consciousness, members of collectivist cultures tend to apply different value standards for members of their ingroups and of outgroups. Thus, compared to people in individualist cultures, people in collectivist cultures tend to be particularistic; namely, their behavior is more likely to vary depending on whether their interacting party is an ingroup member or someone from an outgroup (Tsui and Farh, 1997; Redding, 1990; Triandis, 1986). For example, members of collective cultures, compared to their individualist counterparts, are more likely to take different approaches toward conflict and negotiation when facing either a friend versus a stranger (Leung, 1988). A recent study by Adair *et al.* (2001) compared the negotiation behaviors of Japanese and US managers in intra- and intercultural settings and found an effect of ingroup-outgroup consciousness in the negotiation process. Japanese negotiators exchanged information indirectly and used influence when negotiating intraculturally but adapted their behaviors when negotiating interculturally. By contrast, the behaviors of US negotiators were found to be consistent across intra- and intercultural settings.

In a JV relationship, as relationship commitment deepens, there is a heightened sense of ingroup membership. However, the enhanced relationship will not lead to as much behavioral change among the Americans as among the Chinese. More sensitive to the group membership, the Chinese participants are more likely to shift toward norms and behavior that are considered appropriate to the ingroup relationship. Specifically, they will take more integrative (problem solving and compromising), but less competitive and coercive (forcing and legalism) approaches in ongoing negotiation so as to preserve relational harmony. We test the following hypothesis:

H4. The prescribed relationships between relationship commitment and problem solving (+), compromising (+), forcing (−), and legalism (−) will be stronger for Chinese than for Americans.

Mode of exercising authority depends on a society's shared understandings of power and obedience in establishing routines (Weber, 1978). In his classical work comparing Chinese and American cultures, Hsu (1985) considers mutual dependency as the fundamental Chinese character compared to the Americans' autonomy and independence. In Western societies such as the USA, authority is built on the institutionalization of power; impersonal top-down relations are emphasized. By contrast, in oriental societies represented by China, authority is legitimatized only if it is considered as being so by those subjected to it. Properly used power is one that serves to sustain a social order characterized by role compliance between both parties and mutual, complementary obligations (Miles, 2000). Consequently, authority or power in the Western cultures is exercised in a rational, bureaucratic manner, whereas its exercise in the Orient takes a traditional, paternalist mode (Redding, 1990).

This difference in the mode of exercising authority is clear in inter-organizational relationships involving Americans and their Oriental counterparts. In American-Japanese JVs, both Japanese and American partners seek control over the other side. However, the Japanese use power not for dominating, but for fostering trust and for reducing behavioral uncertainty (Sullivan and Peterson, 1982). In fact, the Japanese believe that coercive use of power diminishes control (Johnson *et al.*, 1993). In negotiating a JV contract, Americans and Chinese often fight for a majority equity position. However, the Chinese are not known for the use of majority ownership to dominate ongoing interaction with their American counterparts. Instead, they stimulate a consultative decision mode with which important problems are to be made by consensus rather than by majority vote (Pearson, 1991). As with the Japanese, power for the Chinese appears to be a tool used for facilitating a collective process, rather than dominating the decision and then implementing the decision top-down (Wang, 1992). By contrast, when the American partner strives to maintain a powerful position, the mere purpose is to control or dominate (Killing, 1980), believing that "power, not parity, should govern collaborative ventures". (Perlmutter and Heenan, 1986). Interestingly, compared to other foreign parties in Chinese-foreign JVs, the Americans are more likely to seek majority ownership and chief executive positions in order to maintain daily management control (Chinese Association for Enterprise Management, 1991). Thus, compared to the Chinese, the Americans are more likely to exploit a power advantage in ongoing negotiation. Specifically, we propose:

H5. The prescribed relationships between relative power and problem-solving (-), compromising (-), forcing (+), and legalism (-) will be stronger for Americans than for Chinese.

Methodology

Sampling and data collection

The study used a field survey methodology to collect data. The unit of analysis was US-Chinese JVs in China. Key informants were solicited from American and Chinese JV managers. For purpose of efficiency, data collection was concentrated in the Beijing and greater Shanghai areas. A sampling frame of 309 JVs was compiled from databases available through the US-China Business Council, American Chamber of Commerce in Shanghai, and US Embassy in Beijing. From the 309 US-Chinese JVs, 100 were randomly selected. Of these, both US and Chinese sides from 74 agreed to participate in the study.

Before the data were collected, a series of pilot studies were carried out in China and the USA. First, we personally interviewed 12 individuals (seven Chinese and five Americans). These individuals were JV managers, government officials, and business consultants who were knowledgeable about the topic. They were presented the outline of the proposed study and invited to comment on the appropriateness of the research questions and the research design. Then they were asked to respond to a preliminary instrument. Four months later, a pretest of the refined instrument was conducted. English or Chinese versions of the questionnaire were mailed to six current JV managers and two returned expatriates. Again, necessary adjustments to the questionnaire were made based on the responses from these individuals.

The drop-off delivery-collection of self-administered questionnaires was used in data collection for the primary study. Of the 148 potential respondents, 143 were reached, including 69 Americans and 74 Chinese. From these, a total of 118 questionnaires were completed and subsequently collected. However, 24 questionnaires were unusable or inappropriate for the study. Thus, the final sample consisted of 94 JV managers, including 35 Americans and 59 Chinese. This amounted to a response rate of approximately 66 percent, with 51 percent for Americans and 80 percent for Chinese. Of the 94 respondents, 73 (77 percent) identified themselves as general management personnel (general manager, managing director, etc.) and 21 (23 percent) identified themselves as functional management personnel (i.e. divisional managers). The 94 respondents represented 67 different US-Chinese JVs involving a wide range of businesses. A total of 51 JVs (76 percent) can be categorized as manufacturers and 26 (24 percent) as service providers. The mean age of the JVs was 6.24 years. A total of 13 (19 percent) JVs had a total investment of under $1 million, 38 (57 percent) had a total investment of $1-10 million, and 16 (24 percent) had a total investment of larger than $10 million.

Measures and measure assessment

Relationship commitment and relative power were measured by three items each, adapted from existing scales (Morgan and Hunt, 1994). Each respondent was told that each statement related to "... the relationships currently existing between your company and your partner company in the joint venture" and was asked to indicate her/his degree of agreement with the statement. The measures were rated on five-point Likert scales anchored by "strongly disagree" and "strongly agree". Four negotiation approaches (i.e. problem solving, compromising, forcing, and legalism) were measured with four scales, each consisting of four items. Most items were adapted from prior research (Rahim, 1983; Boyle *et al.*, 1992) and the rest were developed by the authors. Prior to answering questions regarding the chosen negotiation approach, the respondent was presented a list of "issues of disagreement" (e.g. exercise of control and allocation of profit). Then, each respondent was told that "Suppose there is a disagreement between your company and your partner company over an important issue, such as those you just considered above. Please indicate the likelihood that your company will take each of the following actions to reach an agreement with the partner". All the measures were assessed on five-point Likert scales anchored by "very unlikely" and "very likely".

The US and Chinese cultures were operationalized by the respondents' nationalities. The questionnaire also included questions pertaining to organization and respondent characteristics. The questionnaire was originally prepared in English for distribution to American managers and then translated into Chinese in accord with the standard blind translation method.

Prior to testing the hypotheses, principal components factor analysis was employed to examine dimensionality of the measures. The criterion was eigenvalue > 1.0 and a loading of 0.5 or higher on the factor. For each of the two relational variables, unidimensionality was identified. Next, the 16-item measure of negotiation strategies was subjected to a principal-component factor analysis with oblique rotation. An a priori four-factor structure with the multi-item scale emerged from the analysis. Of the 16 items, 15 loaded heavily on one of the four factors. One forcing item failed to load heavily on any of the four factors and was removed from further analysis. The factor analysis, with the remaining 15 items, resulted in four multi-item measures of problem-solving, compromising, forcing, and legalism, respectively. Reliability of each scale was examined by calculating Cronbach's coefficient alpha. The coefficient alpha for all the scales are within traditionally accepted levels.

Item details and factor analysis results for the measures are provided in Table I. Table II reports correlations, means, and standard deviations for the multi-item scales within Table I. These are separated by US and Chinese samples, respectively.

Results

The mean scores in Table II describe the patterns of negotiation approaches used in US-Chinese JVs. Problem solving was the most used approach for both cultural groups. This result may reflect the strong effect of JVs' equity sharing structures. When it is difficult for partners to deal with problems simply by exiting a relationship, they will first consider more integrated approaches when disagreements occur. The mean scores also reveal differences between US and Chinese negotiators. The Americans exhibited an extremely high level of

Table I.
Measures and items

	Cronbach's alpha USA	Cronbach's alpha China
Relational variables		
Relationship commitment	0.80	0.76
1. We intend to maintain the relationship with the partner indefinitely		
2. Maintenance of the relationship with the partner deserves our maximum effort		
3. We are committed to maintaining the relationship with the partner		
Relative power	0.79	0.83
1. Compared to the partner, we have a stronger influence in the JV		
2. We possessed more power than our partner in this relationship		
3. We are dependent on our partner (R)		
Negotiation approaches		
Problem solving	0.86	0.76
1. Get all concerns and issues into the open		
2. Tell own ideas and ask partner to tell theirs		
3. Show logic and benefits of own position		
4. Enter direct discussion of problem		
Compromising	0.87	0.69
1. Use "give and take" to achieve compromise		
2. Try to find an intermediate position		
3. Propose a middle ground		
4. Find a fair combination of gains and losses		
Forcing	0.82	0.75
1. Use voting right to get ideas accepted		
2. Use expertise to make decision		
3. Use management authority to select proposal		
Legalism	0.87	0.89
1. Use written agreement to obtain compliance		
2. Remind partner of contractual obligations		
3. Refer to contract when disagreement occurs		
4. Interpret written agreement to convince		

preference for problem solving and a median level for the other three approaches. By contrast, the Chinese showed a great preference for compromise following problem solving. Their preference for forcing and legalism was considerably lower than that among the Americans. These results are largely consistent with existing literature.

Regression analysis was used to test the hypothesis. To test the affects of national culture, a dummy variable was created. Using effects coding, the American sample is assigned level 1 while the Chinese sample level -1. Judging from the correlations between relationship commitment and relative power in Table II, multicollinearity is not a problem with regards to these

Measure	1	2	3	4	5	Mean[a]	SD
US sample							
1. Relationship commitment						4.27	0.75
2. Relative power	−0.16					2.88	1.11
3. Problem solving	0.69*	−0.19				4.29	0.64
4. Compromising	0.44*	−0.54*	0.35**			3.05	0.82
5. Forcing	−0.03	0.54*	−0.04	−0.29		3.08	0.90
6. Legalism	−0.48*	0.04	−0.56*	−0.06	0.29	3.11	1.01
Chinese sample							
1. Relationship commitment						4.37	0.66
2. Relative power	−0.01					3.32	1.02
3. Problem solving	0.62*	0.06				4.00	0.64
4. Compromising	0.41*	−0.15	0.27**			3.63	0.70
5. Forcing	0.21	0.67*	0.27**	−0.03		2.55	0.98
6. Legalism	0.09	0.06	0.50*	−0.34*	0.33*	2.66	1.21

Notes: [a] Large values show likelihood: 1 = very unlikely; 2 = unlikely; 3 = neutral; 4 = likely; 5 = very likely. * $p < 0.01$; ** $p < 0.05$ (two-tailed tests)

Table II. Pearson correlations and summary statistics

metric variables. In an additional analysis with the combined sample, the correlation between the dummy variable (national culture) and the two metric variables is 0.07 for relationship commitment and 0.202 for relative power, respectively. Again multicollinearity is not a concern. Before formally testing our hypotheses, we ran four regression models excluding national culture and interaction terms. We then added national culture and the interaction terms to the four regression models. Comparing the results, the adj. R^2 for each of the regression models increased remarkably after the effects of national culture were included. More formally, the results of partial F-tests (Neter *et al.*, 1985) indicate national culture significantly increased the explanatory value of each of the regression models. Table III summarizes the results of our formal tests.

H1 posited that relationship commitment is positively associated with problem solving and compromising, but negatively associated with forcing and legalism. The hypothesis is supported with regard to problem solving ($b = 0.60$; $p < 0.01$), compromising ($b = 0.44$; $p < 0.01$), and forcing ($b = -0.33$; $p < 0.05$), and moderately supported with regard to legalism ($b = -0.29$; $p < 0.10$). *H2* postulated that relative power is negatively associated with problem solving and compromising, but positively associated with forcing and legalism. This hypothesis was supported ($b = 0.64$; $p < 0.01$) only for focusing.

H3 stated that the Americans use problem solving, forcing, and legalism to a greater degree than the Chinese, whereas the Chinese use compromising to a larger degree than the Americans. This prediction is confirmed by t-tests at varied levels of significance. According to the regression results, national culture has direct effect on forcing ($b = 2.56$; $p < 0.05$) and legalism ($b = 4.35$; $p < 0.01$).

Predictors	Criterion variables Problem solving	Compromising	Forcing	Legalism
Relationship commitment	0.60*	0.44*	−0.33**	−0.29***
	(6.09)	(3.41)	(−2.26)	(−1.73)
Relative power	0.04	−0.102	0.64*	−0.07
	(0.66)	(−1.23)	(6.85)	(0.52)
Culture	0.73	0.32	2.56**	4.35*
	(0.96)	(0.33)	(2.28)	(2.55)
Commitment × culture	−0.32***	−0.04	−0.26	0.83**
	(−1.83)	(−0.19)	(−1.17)	(2.42)
Power × culture	−0.09	−0.26**	−0.20	−0.11
	(−0.92)	(−1.97)	(−1.37)	(−0.47)
Adj. R^2	0.42	0.35	0.48	0.09
F	14.51*	10.83*	15.83*	2.81***

Notes: Standardized coefficients with t-value in parentheses. * $p < 0.01$; ** $p < 0.05$; *** $p < 0.10$

Table III.
Regression results

H4 proposed that the prescribed associations between relationship commitment and each of the four negotiation approaches will be stronger for Chinese than for Americans. The hypothesis is supported with regard to legalism ($b = 0.83$; $p < 0.05$) at the 0.05 level and moderately supported with regard to problem solving ($b = 0.32$; $p < 0.10$). *H5* suggested that the prescribed associations between relative power and each of the four negotiation approaches will be stronger for Americans. The hypothesis is supported only with regard to compromising ($b = -0.26$; $p < 0.05$).

Discussion and conclusion

Strategic alliances' increasing popularity underscores the importance of investigating ongoing negotiation processes in inter-organizational relationships. From a holistic perspective in inter-organizational research, we examined both cooperation-centered construct (i.e. relationship commitment) and competition-centered construct (i.e. relative power) as relational contexts of negotiation approaches. Relationship commitment is considered to be central to successful partnerships (Morgan and Hunt, 1994; Lane and Beamish, 1990). This study provides a further reason why that is the case. It encourages alliance partners to take a more integrated approach to ongoing negotiation. Specifically, committed parties are more likely to openly exchange opinions and discuss concerns, and actively search for a solution that best meets both parties' interests. Also, they are more likely to practice give and take in search of middle ground when parties have different priorities. Conversely, committed parties are less likely to take a heavy-handed approach toward negotiation. Perhaps, they understand that using coercion and legalistic language is not appropriate for a relationship that is designed for long term success.

On the other hand, the degree to which a party takes a coercive approach in negotiation is relative to its power position in the alliance. As in more conventional marketing channel relationships, possession of greater power makes a party more demanding and forceful. In IJVs, power resides in equity position, technical expertise, or management authority. Apparently, power and use of power remain a facet of life, even in purposely designed cooperative ventures.

The major contribution of this study is its conceptualization and empirical investigation of both direct and indirect effects of national culture on negotiation behavior. Our results lend support for the contention that there are cultural preferences for negotiation approaches. The fact American partners are more likely to use forcing and legalistic approaches than their Chinese counterparts reveals a direct effect of national culture. However, the mechanism through which national culture influences negotiation behavior is more sophisticated than conceptualizing national culture as a predicting variable only (Brannen and Salk, 2000). As our results show, culture's effect on negotiation behavior is also by way of specific cultural dimensions interacting with other contextual variables. In other words, established conceptual associations between negotiation strategies and other critical contextual variables may take different forms depending on a participant's cultural background. Particularly, while an increase in relationship commitment will lead to an increased use of problem solving or a decreased use of legalism, the deepened commitment will have a stronger impact on the Chinese because of their greater concern for group relationship.

Due to passivity implied in their collective culture, Chinese in general may use the problem-solving approach to a lesser degree than their American counterparts. However, they respond to group membership more intensively and therefore the positive association between relationship commitment and problem solving has a greater magnitude among Chinese than among their American counterparts. For the same reason, the Chinese will restrain from taking a legalistic approach as they become more committed to the relationship. In contrast, whereas an enhanced power position will generally increase a party's resistance toward compromising, this tendency appears to be stronger among Americans than among Chinese partners. For an American partner, power advantage provides a tool for impersonal, bureaucratic control of the relationship; for a Chinese partner, power use is not considered to be effective if it demoralizes the less powerful counterpart and thus endangers the relationship (Miles, 2000).

Our findings offer important managerial implications. International business alliances are known for an overall high failure rate, yet Sino-US JVs have been relatively stable. Among others, one contributing factor might be the relative effectiveness with which partners are able to manage their ongoing interaction. According to our findings, there is a high incidence of problem solving as the chosen negotiation approach in these ventures. Comparatively, dominating and legalistic approaches are less preferred in ongoing negotiation. The findings also show the reasons behind the choice of various negotiation approaches: affective commitment fosters the use of more integrated approaches, whereas power imbalance induces coercive, competitive behavior. Thus, for a company wishing to maintain a valued relationship, adoption of problem solving and compromising often can be expected. By the same token, a partner may ascertain the other partner's attitude toward the partnership by observing the latter's approach to negotiation. Building power bases through equity ownership has long been a central concern in Sino-US JVs. Yet from a negotiation perspective, a balance of power may be an optimum choice if the purpose is to foster an integrated interaction climate. Interestingly, although Chinese partners have been able to maintain a majority position in most of the Sino-US ventures due to governmental requirements, such an equity structure is rarely translated into a dominating, forceful negotiation approach on the Chinese side. This fact may underscore the importance of national culture as a consideration in cross-cultural relationship management. If the Chinese' national attitude toward coercive, competitive negotiation approach can be predicted, why should the US partners always seek a costly equity position simply for safeguarding against being dominated in unforeseen conflict resolution? On the other hand, the Chinese JV partners seem to have their rationale for preventing their US counterparts from holding a majority equity position. They believe that the Americans will certainly exploit their power advantage in ongoing negotiation.

As with any research, our findings are tempered by several limitations, including the small sample size and cross-sectional design. Yet the findings of this exploratory study are reflected in its treatment of national culture. We did not measure specific national culture dimensions, but relied on conventional beliefs about US-China cultural differences. Conceptualization of the effect of national culture also needs to be further refined. In a sense, the interaction effects detected in this study suggest an alternative for the proposition that the role of critical relational variables such as power is culture-bound (Thorelli, 1986).

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A comparative analysis of sales training in Europe

Implications for international sales negotiations

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Keywords *Europe, National cultures, Sales training, Performance, International trade, Negotiating*

Abstract *When negotiation parties belong to different cultures, training can either increase or decrease negotiation differences in order to decrease or increase, respectively, the likelihood of achieving successful sales encounters and long-term relationships. This study analyses sales training implementation practices of 128 northern European (the UK, The Netherlands and Finland) and 160 southern European (Spain and Portugal) small and medium-sized companies. The authors argue that these two groups of countries have different cultural characteristics, and hence, different sales training practices are expected. As a result, differences have been found in terms of the quantity and the cost of the training as well as the subsidisation of the training. Moreover, differences in terms of sales training methods seem to be greater than in training content. Additionally, the subsidisation of the training, as well as certain training methods, have different effects on salespeople performance in northern and southern European countries. The implications of the findings for international sales negotiations are discussed, and additional research is suggested.*

Introduction

The introduction of the euro makes the European Union (EU) one step closer to becoming a truly "single" market, which will increase the number of international sales transactions between the EU countries (United Nations, 2000). Under this scenario of convergence and integration, companies involved in international business within the EU may assume that similar negotiation styles can be applied to all EU countries. However, there are several differences in terms of political structures, underlying economic conditions, as well as different cultural and social influences within the EU that make complete integration difficult (Attwell, 1999; Polonsky *et al.*, 2001), and suggest that business practices and negotiation styles may differ (Jobber and Lancaster, 1997; Hurn, 1999; Levitt, 2002).

Nevertheless, the differences in negotiation styles are not only determined by the different conditions and values, as a strong relationship exists between sales training and business negotiations. Sales training is the effort put forth by an employer to provide the opportunity for the salespeople to acquire job-

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related attitudes, concepts, rules and skills so that they are in a better position to accomplish their jobs successfully: carrying out sales negotiations and making the sale (Dubinsky, 1999; Futrell, 2001).

In the international arena, sales training becomes a means by which salespeople can be better prepared to carry out international sales negotiations (Honeycutt *et al.*, 1999; Mintu and Gassenheimer, 2000), managing conflicts and deadlocks as they vary across different cultures (Berger and Watts, 1992). In this sense, when negotiation parties belong to different cultures in terms of communication styles, training can reduce negotiation differences in order to increases the likelihood of achieving successful sales encounters and long-term relationships (Gulbro and Herbig, 1998; Mintu and Gassenheimer, 2000).

Furthermore, cross-national differences in sales training are clearly related to differences in business performance among the countries. First, from a macro-economic perspective, training expenditures are positively related to the technology index, which has positive and significant effects on export performance (Wignaraja, 2002). Second, and similarly to what has been found for export intermediaries (Peng and York, 2001), the greater the salesperson's knowledge of foreign customers and markets the stronger the business performance. Therefore, and taking into account that business performance in terms of sales is a negotiation outcome, it is reasonable to affirm that the relationship between sales training and the success of companies in international markets is mediated by international business negotiations.

Nonetheless, the literature relevant to cross-cultural sales negotiations is mainly focused on studying cultural differences when it comes to overseas negotiations (e.g. Americans selling to Asian customers) (Buttery and Leung, 1998; Mintu and Gassenheimer, 1996, 2000), and very little attention has been given to analyse the extent to which sales training, as an antecedent of negotiation, differs within different cultures, and specially within the EU. Therefore, analysing cross-cultural differences in sales training practices will provide information about the salesforce's negotiation capacity (which clearly depends on their sales training) in different cultures, as well as the strong points from which they base their negotiation activity (product knowledge, sales techniques, team support, etc.). Since northern and southern European countries represent two different cultures (Hall, 1976; Hofstede, 1991; Polonsky *et al.*, 2001; Weech, 2001), the companies belonging to these two groups of countries are a good example to use when analysing the cross-cultural differences in sales training practices as antecedents of cross-cultural differences in sales negotiation styles.

In our study of sales training practices within the EU, research is conducted to answer the following questions:

RQ1. To what degree do sales training practices differ between northern (Finland, The Netherlands and the UK) and southern European countries (Portugal and Spain)?

RQ2. To what degree do sales training effects on salespeople performance differ between northern and southern European countries?

The importance of studying such topics is threefold. First, proving that sales training practices differ in each culture (e.g. northern and southern European culture) will provide additional support for previous theoretical arguments and exploratory empirical evidence favouring such an assumption (Hill *et al.*, 1991; Erffmeyer *et al.*, 1993; Honeycutt *et al.*, 1995). This, in turn, will show international companies operating in the EU what kind of preparation a southern European salesperson needs to have to successfully carry out international business negotiations with a northern European customer, or vice versa. Answering the second question may prove that some training practices are more effective in the south than in the north or vice versa. This would be particularly important for northern/southern European companies that establish a southern/northern selling subsidiary and hire local people to sell in that market. Such companies should be cautious when attempting to transfer sales training procedures from one culture to another even within the EU. Finally, since empirical research analysing sales training practices is surprisingly limited (Honeycutt *et al.*, 1995), especially in cross-cultural research (Erffmeyer *et al.*, 1993), with the present study we attempt to narrow this gap in the literature. Only Erffmeyer *et al.* (1993) compared sales training priorities and practices between a progressive Arab country (Saudi Arabia) and a Western country (the USA). Later, Honeycutt *et al.* (1999) compared sales training practices between global and domestic companies in China and Slovakia. This study, conducted in five European countries, is, to our knowledge, the only known research that analyses and compares sales training practices in the EU.

The following sections of the paper are organised as follows. First, once it is justified that these northern and southern European countries have different cultures, the impact of culture in international sales negotiations is analysed. Then, based on the literature review, several reasons are presented in order to expect differences in sales training practices between the two cultures (*RQ1*), as well as differences in the effects of training on sales performance (*RQ2*). Following this, we describe the research methodology and present the study results. Finally, we conclude by suggesting the implications of our results and identifying key areas for future research.

North/south rationale and negotiation styles

Some writers have suggested that Europe needs to undergo a process of cultural change, such that there is a common identity as well as a common market (Moller, 1993; Seed, 1993). Such a perspective seems to be a utopian ideal, ignoring the realities of "combining" independent states or regions that have different political traditions, histories, cultures and in some cases even values (Bohata, 1997). In this vein, Liu and Mackinnon (2002, p. 130) recently argued that “there are sufficient disparities within the European culture”. One of the most notable is the north/south cultural division. First, this division relates to overall economic development and growth (Wood, 1995). That is, historically northern countries/regions have tended to be more industrialised and southern countries/regions have been more agrarian (Loxley, 1998). Not only does northern and southern Europe differ in terms of economic development, but empirical research has also found that there are a number of additional differences, for example, in terms of ethical consumer behaviours (Polonsky *et al.*, 2001), internet usage (*The Futurist*, 1999), drinking pattern and suicide rates (Rossow, 2001), urban governance (Chorianopoulos, 2002) and the use of contraceptive (Spinelli *et al.*, 2000). More importantly, following the theories and work of Hofstede and Hall (Hofstede, 1984, 1991, 1993; Hall, 1976, 1983; Hall and Hall, 1987), the northern (the UK, The Netherlands, Finland) and southern (Spain and Portugal) European countries have different cultures, as we explain below.

Hofstede (1984, 1991, 1993) has presented perhaps the most comprehensive, yet straightforward means to dimensionalise national culture (Shackleton and Ali, 1990). His studies revealed four largely independent dimensions of differences among national value systems: power distance, uncertainty avoidance, individualism vs collectivism, and masculinity vs feminity[1].

As Schuler and Rogovsky (1998) point out, culture can be defined not only at the national, but also at the group, organisational, and even international levels (e.g. “northern European” culture, “southern European” culture). Hofstede (1991) indices show that northern European countries of the present study (the UK, The Netherlands and Finland) are considered generally as low in power distance, low in uncertainty avoidance, high in individualism and low in masculinity[2]. On the contrary, the southern European countries sampled in our study (Spain and Portugal) are considered as high in power distance, high in uncertainty avoidance, high in collectivism and intermediate in masculinity (see Appendix 1).

In the process of understanding and characterizing different cultural orientations it is also interesting to consider the concept of high-context and low-context culture proposed by Hall (1976, 1983) and Hall and Hall (1987). Following this research, although no culture exists at either end of the context scale, Spain and Portugal are considered as high culture context countries, whereas the UK, The Netherlands and Finland are recognized as low culture context countries.

Hall (1976) postulated that the context of communication has significant implications for the negotiation encounter. Low-context cultures rely on formal communication that is often verbally expressed. The social context of interactions is relatively less important. Instead the emphasis is on promptness, saving time and keeping to schedules (Hall, 1976). In high-context cultures, less information is contained in verbal expression, since much more is in the context of communication, which includes information such as the individual background, associations, values and position in society (Keegan, 1989). As such, a message can not be understood without its context (Onkvisit and Shaw, 1993).

Typically, low-context cultures tend to be more monochronic as compared to high-context cultures, which tend to be more polychronic (Hall, 1983). The recognition that some European cultures are more monochronic than polychronic and vice versa can cause negotiation problems, when, for example, British, Dutch or Finish salespeople are working with their Spanish or Portuguese counterparts, with the latter tending to place more emphasis on building relationships than on deadlines, schedules and adherence to time meetings (Hurn, 1999). Furthermore, different cultures exhibit different "time values", for example, in southern European countries it is a traditional practice for a salesperson to be kept waiting a particularly long time, whereas in northern European countries this is not the case (Levitt, 2002).

In summary, literature supports the contention that culture plays an important role in buyer-seller interactions (Hall, 1976; Mintu and Calantone, 1991; Graham *et al.*, 1994; Simintiras and Thomas, 1998), and that different cultures have different negotiation styles (Donaldson, 1998), since customers expectations and behaviours differ significantly from culture to culture (Honeycutt *et al.*, 1996).

Sales training and performance in northern and southern Europe

Sales training, as a means to prepare salespeople to carry out international business negotiations, has to be adjusted to each culture so that salespeople, working under that specific culture (e.g. northern and southern European cultures), have the required skills to effectively interact with their customers (Bush *et al.*, 2001), that is to say, to have the same shared values, thought patterns and communication style[3].

In terms of sales training content, for example, since sales negotiations in low-context cultures (e.g. the UK, The Netherlands and Finland) place more emphasis on the formal aspects of the transaction (e.g. product features, prices, transportation and financing), sales training is expected to stress the knowledge about the product as well as the company polices and procedures. In contrast, sales transactions in high-context cultures (e.g. Spain and Portugal) are based on trust; salespeople need to develop a friendly relationship with their customers and understand not only their business needs but also their personal ones (Kennedy and Everest, 1996). Consequently, sales training may emphasise customer knowledge so that salespeople are in a better position to develop a long-term relationship with their customers, based on trust and respect (Hill *et al.*, 1991).

In terms of training methods, the recognition that northern and southern Europe have different cultures suggests that training will also be adapted to the particular culture of the employees where the training is being implemented (Flynn, 1987). In Europe, empirical research has found differences in training procedures between northern and southern European countries (*The Price Waterhouse Cranfield Survey*, 1994)[4]. For example, when manager training was analysed, similar practices were found amongst Ireland, The Netherlands and the UK and between Spain and Portugal (Bournois *et al.*, 1994). In the selling arena, general attitudes and values of a culture impact the selling effort (Jobber and Lancaster, 1997), and research has found that sales training varies within each culture (Hill *et al.*, 1991; Erffmeyer *et al.*, 1993; Honeycutt *et al.*, 1999). For instance, Hill *et al.* (1991) found that Japanese salespeople received on-the-job training in a ritualistic formal setting to insure that constructive criticism does not result in "loss of face" for the inexperienced salespeople. Similarly, we can expect that flexible training methods such as open and distance learning, that requires the active and direct participation of the trainee, may be more popular in low uncertainty avoidance and low power distance cultures (e.g. the UK, The Netherlands and Finland) where rules, procedures, guidelines, and direction are less necessary and salespeople may prefer the discretion that goes with these training methods, and thus being more comfortable with self directed activities (Dalrymple *et al.*, 2001; Weech, 2001). It can also be expected that because of the importance of personal relationships in high-context cultures, companies in Spain and Portugal prefer to provide sales training using company trainers as opposed to external trainers. All the above leads us to propose *RQ1*.

Most of the times, the effectiveness of a training program is measured through an increase in sales performance, as this is the main objective of sales training programs (El-Ansary, 1993; Honeycutt *et al.*, 1993a; Johnston and Marshall, 2003). Salespeople performance represents behaviours that are evaluated in terms of their contribution to the goals of the organisation (Churchill *et al.*, 1985). Next, a review of why and how sales training practices affect performance is conducted; followed by an explanation of why the effects of sales training on performance are expected to differ between northern and southern European countries.

Typically sales training has three stages (Honeycutt *et al.*, 1993a; Dubinsky, 1996): assessment (establishing training needs and objectives), training (selection of trainers, trainees, training facilities and methods, programme content and implementation), and evaluation (assessment of programme effectiveness). Theoretically, research suggests that training leads to higher levels of salespeople performance (Donaldson, 1998; Johnston and Marshall, 2003). Findings from Ingram *et al.* (1992) indicate that the most significant factors in contributing to salespeople's failure can be addressed through training. Similarly, according to the results of Piercy *et al.* (1998), sales managers rated sales training as one of the most important factors in improving sales force performance. In addition, results from Christiansen *et al.*

(1996), Farrell and Hakstian (2001) and Honeycutt *et al.* (2001) provide empirical evidence of the positive influence of sales training on salespeople performance.

Apart from training effort in terms of investment and time, there are many other training variables that may affect sales performance (Dubinsky, 1996; Jackson and Hisrich, 1996). The first one to consider is the source of the training funding. The subsidisation of training investment implies that the state shares in this investment by providing a subsidy. This type of financing, as opposed to private financing, implies lower accountability for both administrators (the state) and trainees (companies) (Dougherty and Tan, 1999). Similarly, drawing on an investigation of UK and German firms, Hart and Shipman (1991) suggest that the use of public funds for training needs to be monitored closely to ensure that the activity is effectively implemented and provides good value for money. In addition, Baker (1994) points out that poor management attitudes towards training may arise from excessive levels of state intervention, i.e. subsidisation.

As for sales training methods, the most commonly used and traditional ones are on-the-job training, individual learning, in-house courses and external courses (Donaldson, 1998; Johnston and Marshall, 2003). Several authors argue that on-the-job training is the most advantageous one in terms of its contribution to salespeople performance (Ingram *et al.*, 1997), as it introduces trainees to real-world experience by giving them the opportunity to put into practice the knowledge and skills previously learned in classroom training (Jobber and Lancaster, 1997; Donaldson, 1998).

Apart from these traditional training methods, sales training can be implemented using high-tech methods (e.g. computer-assisted instruction, interactive video and tele-training). On the one hand, empirical studies have shown that companies used them only rarely in the early 1990s (Erffmeyer *et al.*, 1992; Chonko *et al.*, 1993), perhaps due to their high start-up costs and the uncertainty of the benefits associated with them (Dalrymple *et al.*, 2001). Conversely, these methods may be quite effective, since they are very flexible and require active and direct participation from the trainee, as opposed to other traditional training methods such as lecturing and conferences (Honeycutt *et al.*, 1993b).

The content of sales training tends to remain constant over time focusing mainly on product knowledge, the market, the company and sales techniques (Chonko *et al.*, 1993; Johnston and Marshall, 2003). Regarding the effectiveness of these training topics, Dalrymple *et al.* (2001) argue that salespeople should be taught how the sales process works in order to be productive field sales representatives. In addition, product knowledge is important in helping the customer solve problems only when its applications, use, and benefits are emphasised, instead of the technical attributes (Johnston and Marshall, 2003).

In short, the above literature indicates that both the quantity and the quality of training influence its effectiveness (sales performance). *RQ1* argues that because of different cultures, sales training practices between northern and southern European countries may differ. Research suggests that culture not only influences the type of training implemented, but also its effectiveness (Morris and Robie, 2001). That is to say, it can be expected that the same training procedure (e.g. method or content) may be more effective (leading to higher sales performance) in the northern European countries than in the southern ones or vice versa. Consequently, *RQ2* is proposed.

Methodology

Data collection

The population of the study is composed of SMEs from the UK, Portugal, Spain, Finland and The Netherlands, that have between 25 and 250 employees[5, 6]. SMEs are chosen because:

- they represent more than 99.88 per cent of European companies (Eurostat, 1996); and
- most of the studies concerning training practices are focused on big companies (El-Ansary, 1993; Christiansen *et al.*, 1996).

The research method employed was a mail questionnaire addressed to the general managers of the organisations. Therefore, the sales organisation instead of the individual salesperson is the unit of analysis of this study. Respondents in each country received a cover letter on university stationery requesting their co-operation in completing the questionnaire, and a self-addressed stamped envelope was enclosed[7]. A mail survey was used because it is more effective in international industrial marketing research when literacy is high and the postal system is well developed in the countries surveyed (Malhotra *et al.*, 1996), which is the case of our study. Additionally, it is the most frequently used method of respondent contact in sales force research (Richardson *et al.*, 1994).

The general manager was chosen instead of the sales manager for three reasons. First, empirical research has found that in small companies, the manager is responsible for assessing training needs as well as assuming budget responsibility (Honeycutt and Tanner, 1994). Second, the marketing behaviour of small companies is particularly affected by the motivation, belief, attitude and objectives of the managers (Churchill and Lewis, 1983). Finally, it is the only way to achieve comparable samples for a research carried out in different countries, where organisational structures may be diverse (Erffmeyer *et al.*, 1993), because all of them do have a manager, but not necessarily a sales manager, particularly when it comes to small companies.

After eliminating incomplete questionnaires, we obtained information from 555 organisations yielding a response rate of 9.1 per cent (see Table I). The high rate of non-response is consistent with previous sales management research (Swenson and Herche, 1994; Dorsch *et al.*, 1998) and consistent with the relatively low response rates that seem typical of populations in the business community (Duhan and Wilson, 1990). Furthermore, the fact that our research had no company sponsorship and incentives were not provided is probably reflected in the low response rate (Gatignon and Roberston, 1989). A follow-up of non-respondents was undertaken after 90 days, with no significant differences noted between respondents and non-respondents.

An analysis of the responses revealed that average annual sales were 18.2 million euros and that sample companies employed on average 81 workers and 11 salespeople. Of those responding, 52 per cent (288 cases) had implemented sales training activities in the last two years, which is consistent with previous research (Honeycutt and Stevenson, 1989).

Measurement

The questionnaire was constructed in Spanish and then translated into English, Portuguese, Finnish and Dutch. Back translation and correction procedures were utilized to check and improve translation fidelity. Different aspects of sales training were measured. First, sales training effort was assessed in terms of the investment made by the company and the total number of hours devoted to this activity in the previous two years. Second, we gathered information about the sources of the funds by asking for the percentage of the training investment that had been subsidised by the State. Third, we obtained information about the percentage of training implemented outside business hours. Fourth, based on the review of the literature (Ingram *et al.*, 1997; Dalrymple *et al.*, 2001; Johnston and Marshall, 2003), the most common sales training methods and content were considered.

As for methods, on-the-job training, in-house courses, distinguishing between those run by company trainers or by external providers, external training, whether short courses (five days or fewer) or programmes (six days or more), own-house training, which implies that salespeople are given time off work over a specific period for self-instruction and home assignments, and finally, high-tech training methods were approached as open and distance learning. Training content was: company policy, sales techniques, market and customer knowledge, product education, computer knowledge and team work.

Table I.
Data distribution

Country	Questionnaires received	Response rate (%)	Companies that implement sales training activities (sample)
The UK	61	6.1	37
Spain	247	11.7	145
Finland	107	10.7	54
The Netherlands	61	6.1	37
Portugal	79	7.9	15
Total	555	9.1	288

Training methods and content are categorical variables that take two values: 0 when the company has not implemented such method or content; and 1, when the opposite is true.

Salespeople performance was measured using seven items developed by Behrman and Perrault (1982). This scale has been used in previous research in the same way as here, that is, through management evaluations of salespeople performance on these seven items (Piercy *et al.*, 1998; Grant and Cravens, 1999) (see items in Appendix 2). Based on the procedure recommended by Churchill (1979), items were factor-analysed for unidimensionality. As expected, only one dimension was obtained. Then, the reliability was determined by means of Cronbach alpha. The coefficient for the overall sample was 0.88, which suggests that the measure has acceptable reliability (Nunnally, 1978).

Finally, we introduced a categorical variable, that has been termed geographic area (GA). This takes two values: 0 for the northern European countries of the sample (the UK, The Netherlands and Finland), and 1 for the southern European countries (Spain and Portugal).

Sample

Of the northern European sample, 51 per cent were manufacturing firms, while 49 per cent were service firms. Slightly more than two-thirds (68 per cent) were operating in final consumer markets, whereas the remaining 32 per cent were operating in industrial markets. The northern European firms had an average of 52 employees and their mean annual level of sales was 10,825 million euros.

The southern European sample was comprised of 30 per cent service and 70 per cent manufacturing firms, 52 per cent were operating in industrial markets, whereas 48 per cent were operating in final consumer markets. These firms employed on average 103 workers and their mean annual level of sales was 23.831 million euros[8].

Results

In what follows, sales training practices are compared between northern and southern European countries. Next, the differences between sales training effects on performance in the two samples will be examined.

Training practices in northern and southern European countries (RQ1)

The northern European sample firms spent on average 7,422 euros in training their sales force, who received on average a total of 176 training hours. Despite the fact that southern European companies are larger, they spent 3,974 euros on sales training and their sales force received on average a total of 142 hours of training.

In order to answer to the first research question, differences between the samples in terms of sales training effort, budget and other characteristics were examined using an independent sample *t*-test. Results are presented in Table II.

Table II.
Differences in sales training effort and budget and other training characteristics

Sales training characteristic	Mean values Northern European firms	Southern European firms	t-value
Sales training investment as a percentage of total sales volume	0.17	0.0255	2.34*
Sales training investment per salesperson (euros)	1,300	604	2.41*
Sales training hours per salesperson	35.7	33.6	0.19
Percentage of total training hours devoted to salespeople	31.9	23.4	2.10*
Percentage of sales training investment subsidised	11.9	39.8	−5.84**
Percentage of sales training provided outside business hours	28.8	63.2	−7.68**

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

Northern European firms devoted a significantly higher percentage of their sales volume to sales training activities than their counterparts (0.17 per cent versus 0.0255 per cent). Sales training investment per salesperson in the northern European sample is more than twice the amount invested by the southern European companies, which is surprising given the fact that 39.8 per cent of training investment in such countries is subsidised in contrast to the northern European sample's 11.9 per cent. Additionally, 31.9 per cent of total training hours are devoted to salespeople, whereas the percentage decreases to 23.4 per cent in the southern European sample. Overall, the average number of hours devoted to train salespeople exceeds that of other employees, which is consistent with sales training practices in the USA (Erffmeyer and Johnson, 1997).

The amount of sales training provided outside business hours in the southern European sample is twice that provided in the northern European sample (63.2 versus 28.8). No significant differences were found in terms of sales training hours provided to each salesperson.

Significant differences in sales training methods and content within each sample were investigated using Chi-square analyses. Regarding sales training methods, in general the northern European firms use more training methods than their counterparts (see Table III). Differences are significantly greater in terms of the implementation of on-the-job training, in-house courses run by company trainers, external short courses and own-house training. Conversely, southern European firms use a significantly higher percentage of external training programmes. No significant differences were found in the remaining methods.

Training	Percentage of firms providing Northern European firms	Southern European firms	χ^2-value
Methods			
On-the-job training	60.2	49.4	3.32*
In-house courses – run by company trainers	44.5	33.1	3.91**
In-house courses – run by an external provider	52.3	57.5	0.76
External short courses – five days or fewer	76.6	63.1	6.01**
External training programmes – six days or more	18.8	41.3	16.75***
Own-house training	27.3	17.5	4.03**
Open/distance learning	14.1	11.3	0.51
Content			
Company policy	35.2	12.6	20.51***
Sales techniques	68.8	67.9	0.02
Market/customer knowledge	42.4	40.9	0.67
Product education	38.4	32.1	1.23
Computer knowledge	41.6	35.8	0.97
Team work	29.6	13.2	11.57***

Notes: * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$

Table III. Differences in sales training methods and content

In this scenario of SMEs having fewer resources than large companies, external training, whether provided in the company (in-house training) or outside the company (external short courses), becomes the most important training method. Similarly, these small firms also rely heavily on field training (60.2 per cent and 49.4 per cent for northern and southern European companies respectively) owing to the high cost of developing alternative training methods when only a few people are to be trained.

Differences between the content of sales training programmes are not as relevant as differences in terms of the methodologies used. Northern European firms confirmed to train their salespeople on topics related to company policy and team work more than twice the percentage of southern European firms.

Training effects on salespeople performance (RQ2)

In this section the second research question is addressed: that is to say, we analyse the extent to which sales training effects on salespeople performance differ between the two samples.

Salespeople performance was regressed on sales training hours, percentage of sales training investment subsidised, percentage of sales training provided outside business hours, GA and the interaction of the latter variable with the former three independent variables, as shown in Appendix 3.

The reason for choosing sales training hours as an independent variable in the regression instead of sales training investment, is that the former does not include the differences in the cost of training already accounted for within the variable GA.

Because introducing interaction variables produces multicollinearity, the multiple regression was run using the stepwise method. Results show that neither of the three variables related to the company's effort in providing training were associated with salespeople performance. Of the three interactions only that between the percentage of training subsidised and the GA (X_2X_4) entered in the regression. The analysis, summarised in Table IV, reveals that there is no effect on salespeople performance as a result of subsidising training in northern European firms, whereas a negative effect holds for their southern counterparts. The model has an R^2 of 0.085 which indicates that almost 10 per cent of the variance in the total salespeople performance is explained by X_2X_4 interaction. The regression equation F is significant beyond the 0.001 level.

We also examined whether the effects of sales training methods and topics on salespeople performance differ between the northern and southern European samples (see Table V). The ANOVA performed used salespeople performance as the dependent variable and the interaction of training methods and training content with GA as the independent categorical variables. Table V shows only the significant results.

On-the-job training becomes a more effective training method in southern European countries than it does for their counterparts (note that the differences

Table IV.
Regression analysis results

Independent variable	β	t-value	Adj. R^2	F
Percentage of sales training investment subsidised by the state × GA	−0.306	−3.426*	0.085	11.74*

Note: * $p < 0.01$

Table V.
ANOVA F-values and mean values (salespeople performance as dependent variable)

Sources		Mean values North	Mean values South	F-value
Significant interactions with GA				
On-the-job training × GA	YES	2.79	2.66	
	NO	2.78	2.27	2.61*
Own-house training × GA	YES	2.66	2.64	
	NO	2.91	2.28	5.52**

Notes: * $p < 0.1$; ** $p < 0.05$

between implementing and not implementing such method are far superior in the southern European sample). Additionally, own-house training is positively related to salespeople performance in the southern European sample, whereas the opposite effect holds true in the northern European sample.

Discussion

Where *RQ1* is concerned, a number of differences exist in sales training practices between northern (the UK, The Netherlands and Finland) and southern European countries (Spain and Portugal). Despite the fact that a lower percentage of the training is subsidised, northern European firms invest more money in training their salespeople. Also, this training is mostly implemented during business hours. Conversely, even though more than one third of the training investment is subsidised in the southern European sample, these firms invest less money in sales training and nearly two-thirds of it is implemented outside business hours.

As for differences in sales training content, northern European firms devoted more training to company policy and product knowledge. Though the latter difference was not significant, overall it is consistent with the fact that sales negotiations in low-context cultures place more emphasis on the formal aspects of the transaction. Likewise, team work as a training content was more relevant in the northern sample. This may be caused by the fact that the northern European countries are considered as individualistic cultures, where traditionally the focus is on work goals that stress individual achievements, rather than group achievements (Hofstede, 1991). Therefore, since "working in teams requires new competences from people who are used to working independently of other employees" (Dalrymple *et al.*, 2001, p. 370), it is reasonable that northern European companies are putting more emphasis on this type of training. Finally, customer/market knowledge was equally relevant in both samples reflecting that no matter what the culture, contemporary salespeople need to have plenty of knowledge in order to identify customer needs and solve his/her problems (Weitz and Bradford, 1999; Ingram *et al.*, 2001).

Regarding training methods, it seems that northern European firms rely more on training provided by insiders (on-the-job training and in-house courses run by company trainers), whereas their counterparts look for external resources to run their training (external training programmes and in-house courses run by external providers). Even though this is opposite to what was expected, a possible explanation would be the influence of subsidisation in the southern European sample. Nearly 40 per cent of training costs are subsidised in the southern European sample which implies that, in the majority of cases, training is implemented by external providers and outside business hours (Alcaide *et al.*, 1996).

As expected, open and distance learning was more popular in the north than in the south, yet the difference was not significant. A possible explanation is the influence of the type of company where the information was gathered: SME. Open and distance learning frequently requires the investment of a significant amount of money in equipment, support personnel, phone lines and often a separate room to store the equipment (Erffmeyer and Johnson, 1997, p. 193). Therefore, SMEs in both samples may lack the resources to implement such training methods effectively and particularly adapted to their training needs.

As for differences in training effectiveness between the two samples (*RQ2*) it is worth noting the following. First, the subsidisation of sales training in the southern European sample decreases training effectiveness in terms of salespeople performance. Most likely, excessive levels of state training subsidisation leads to poor management attitudes towards training (Baker, 1994), which in turn decreases the effectiveness of training in terms of sales performance. Second, on-the-job training was more effective in the south than in the north. A possible explanation would be that salespeople working in a high uncertainty avoidance culture (e.g. Spain and Portugal) may feel more comfortable with a more directive training method such as on-the-job training where rules and procedures are provided both before and after the sales interaction (Futrell, 2001), thus reducing uncertainty for future sales encounters (Rees and Porter, 1998). Third, own-house training was also more effective in the south than in the north. This might be explained by the monochronic-polychronic distinction that characterises low and high-context cultures respectively (Hall, 1983). The polychronic orientation of the high-context cultures (e.g. Spain and Portugal) enables salespeople in these countries to combine work and family/social activities effectively, whereas monochronic cultures (e.g. the UK, The Netherlands and Finland) tend to focus on a single activity at a time (Manrai and Manrai, 1995).

Conclusions, managerial implications, limitations and future research

In the past, a mono-cultural approach to training was acceptable because most business transactions were carried out within national boundaries. As business becomes more global, the need to understand cultural differences is critical to success in international business negotiations because the sales skills that bring success in one culture may be perceived as inappropriate by another. This study, conducted in five European countries, is, to our knowledge, the only known research that analyses and compares sales training practices in the EU. It contributes to a small but growing base of international research that examines sales training practices in different cultures (Erffmeyer *et al.*, 1993; Honeycutt *et al.*, 1999), and provides empirical evidence to the contention that sales training practices differ in each culture (Hill *et al.*, 1991; Honeycutt *et al.*, 1995).

Based on cultural differences, we have found several differences between northern and southern European countries sampled in this study in terms of the quantity and the cost of the sales training, as well as its subsidisation. This subsidisation, in turn, decreased sales training effectiveness in the southern sample.

The significant differences in terms of sales training methods were more important than the differences in content. Furthermore, only certain training methods (on-the-job training and own-house training) were more effective in the southern sample than in the northern sample, whereas no differences were found in the effectiveness of sales training content across the two samples. These results are consistent with previous research (Hill *et al.*, 1991), and suggest that culture has a more relevant influence in terms of explaining the differences in sales training methods, than in content. This, in turn, indicates that a contemporary salesperson, regardless of the culture, needs to have enough knowledge of the product, the customer/market, the company and sales techniques in order to be successful (Johnston and Marshall, 2003).

Our findings have several implications for companies in Spain and Portugal. First, since subsidisation decreased training effectiveness, the subsidisers in these countries should try to involve the companies by:

- subsiding part of the cost but not all of it;
- asking them to participate actively in designing the sales training programme; and
- asking management to conduct evaluations of sales training in order to assess its effectiveness.

Second, the low incidence of team work training in the southern European sample is in direct contrast to the increasing importance of team selling all over the world, as products and services become more technologically complex and buyers expect increasing levels of service (Moon and Amstrong, 1994). Southern European companies should take advantage of the high collectivism in such cultures which facilitates group-based responsibility and action (Earley, 1994). Thus these organisations should make an additional effort in training so that their salespeople can work effectively in teams, and provide a better service to the customer.

In addition, this research has also important managerial implications for companies operating in international markets. Companies that sell direct from the home country to a country with a different culture should provide their salespeople with cross-cultural training so that they can become attuned to the customs, beliefs and behaviours of customers in the foreign country. This will put them in a better position to carry out international business negotiations. For example, since product and company knowledge are highly valued in negotiations in low-context cultures, southern European companies selling to northern European companies should provide their salespeople with plenty of knowledge of the formal aspects of the transaction such as product features, prices, transportation and financing.

Finally, international companies should be aware that, although basic sales skills are similar around the world, and more specifically in Europe, training must be tailored to individual cultures (e.g. northern and southern European culture), and sales managers must move cautiously when attempting to transfer sales training methods from one culture to another. This is particularly relevant for global companies that hire local salespeople in foreign countries to sell in those markets. These companies might understand, for example, that own-house training is more effective when implemented in a polychronic culture, than in a monochronic culture.

As an exploratory research, there are a number of limitations that should be noted. First, the low response rate obtained, particularly in The Netherlands and the UK, and the fact that in Portugal only 15 of the 79 companies surveyed implemented sales training activities, led to an unequal sample distribution. This, in turn, may have limited the generalizability of the results and did not allow us to compare and contrast differences between each nation. Yet, there might be significant differences among the five countries, and future research that analyses them should prove useful. The aim of the present exploratory study is to provide an initial basis for future studies that compare sales training practices within the EU. Second, our study, as well as similar research (Erffmeyer *et al.*, 1993; Honeycutt *et al.*, 1999), has used the sales force as the unit of analysis instead of the individual salesperson, which implies that our results should be evaluated with caution. For example, despite aggregate data confirming that different training methods and contents leads to higher performance, the distribution of the salespeople's contribution in each company may differ significantly from company to company.

Future research should address these limitations, as well as incorporating other issues not covered in this study. For example, since this study has been restricted to SMEs, future research might consider the study of the extent to which multinational companies operating in countries with different cultures adapt their sales training practices to that specific culture. Likewise, further studies could investigate how companies, that sell directly from one country to a foreign country with a different culture, train their international salespeople to be in a better position to carry out international sales negotiations. Additionally, other countries should be incorporated into the analyses. Differences in sales training practices have been found between the USA and Saudi Arabia (Erffmeyer *et al.*, 1993) and, to a lesser extent, between China and Slovakia (Honeycutt *et al.*, 1999); nevertheless, no study has compared potential differences between the USA and Western Europe. Finally, potential differences in other steps of the training process, such as the assessment of needs and the evaluation should be considered.

Notes

1. For a detailed explanation of each dimension see Hofstede (1991).
2. The only exception is the UK with a score of 66 in masculinity.
3. For the sake of brevity northern and southern European countries refer to the UK, The Netherlands and Finland and Spain and Portugal respectively.
4. This research descriptively studied several areas of human resource management in 5,000 companies in 14 major European countries (the UK, Finland, The Netherlands, Portugal and Spain were among those included).
5. This research is part of the project "Economic Learning in Training for Enterprises" financed by the European Commission under the "Leonardo Da Vinci" program (UK/96/2/1809/EA/III.2.a/FPC).
6. A random selection of SMEs was made in each country based on available databases containing basic information about the companies (sales volume, number of employees and type of activity). In the selection procedure, SMEs with fewer than 25 employees were not included, as it was assumed that they were less likely to have a sales force and less likely to implement sales training activities (Erffmeyer *et al.*, 1992). In addition, researchers placed especial emphasis so that companies selected reflected the population of SMEs in each country in terms of sales volume, number of employees and type of activity. As a result of that, for example, the higher percentage of the service industry in the northern European sample in comparison to the southern, is consistent with the data provided by the World Bank (2000). The number of questionnaires sent in each country was 1,000, yet 2,110 were sent in Spain because more funds were available for this empirical study in Spain. This fact was not controllable by the authors, as this study was financed by the European Commission.
7. The institutions responsible for the data collection were in each country: Helsinki University of Technology (Finland), Higher Professional and Vocational Education South Netherlands (The Netherlands), University of Exeter (the UK), Universidad de Do Algarve (Portugal) and University of Murcia (Spain).
8. Though the southern European firms are twice as big as the northern European firms, in terms of sales and number of employees, the number of salespeople, on average, is slightly higher in southern European firms (12) than in northern European firms (nine). This leads us to make comparisons between sales training practices in both samples. Besides, comparisons are made in relative terms, thus eliminating the size effect.

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Appendix 1

See Hofstede's dimensions for the countries surveyed (Table A1).

Appendix 2. Salespeople performance items

A five-point Likert scale anchored by 1 for "nothing" and 5 for "a lot" was used for:

- producing a high market share for the company;
- making sales of those products with the highest profits margins;
- generating a high levels of pounds sales;
- quickly generating sales of new company products;
- identifying and selling to major accounts;
- producing sales or blanket contracts with long-term profitability; and
- exceeding all sales targets and objectives during the year.

Table AI. Hofstede dimensions for the countries surveyed

Country	Power distance	Individualism	Masculinity	Uncertainty avoidance
Spain	57	51	42	86
Portugal	63	27	31	104
The UK	35	89	66	35
Finland	33	63	26	59
The Netherlands	38	80	14	53

Appendix 3. Multiple regression analysis

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_1 X_4 + \beta_7 X_2 X_4 + \beta_8 X_3 X_4 + \varepsilon,$$

where:

Y	= salespeople performance;
X_1	= sales training hours;
X_2	= percentage of sales training investment subsidised by the state;
X_3	= percentage of sales training provided outside business hours;
X_4	= geographic area (GA)