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PLANNING IN NEGOTIATION:  
A COMPARISON OF US AND TAIWANESE CULTURES

By

Deborah Annette Horness Cai

A DISSERTATION

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## ABSTRACT

### PLANNING IN NEGOTIATION: A COMPARISON OF US AND TAIWANESE CULTURES

By

Deborah Annette Horness Cai

Planning and preparation are critical elements for reaching negotiation goals (Lewicki & Litterer, 1985). In negotiation, consideration of the opponent's plans--their arguments, proposals, and tactical maneuvers--can be important in reaching the negotiator's own goals (Roloff & Jordan, 1991). While numerous studies in the field of communication address the importance of plans and planning for accomplishing goals (Berger, 1988; Berger & Bell, 1988; Berger & diBattista, 1993; Berger & Jordan, 1992; Berger, Karol, & Jordan, 1989; Hjelmquist & Gidlund, 1984; Waldron, 1990; Waldron, Cegala, Sharkey, & Teboul, 1990), what has not been addressed is whether there is a difference between cultures in plans and planning before and during negotiation.

This dissertation examines pre-negotiation and on-line plans and planning from an intercultural perspective. The following questions are addressed regarding possible differences between Americans and Taiwanese: Are purported differences in the reasoning process across US and Taiwanese cultures evidenced in the types of negotiation plans developed prior to the negotiation? Do differences in cultures affect the goals which are pursued? Are there

differences in on-line planning between US and Taiwanese cultures?

Results show that Taiwanese and Americans differ in the type of plans they prepare prior to the negotiation, but they do not differ in the on-line planning that they do during buyer/seller negotiation. In the preparation of pre-negotiation plans, Americans demonstrated a short term perspective towards the goals they pursued. Conversely, Taiwanese took a longer, more global perspective in pre-negotiation planning. Both cultures, however, were primarily short term in their planning during the negotiation. Implications and directions for future research are discussed.

## ACKNOWLEDGEMENTS

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## TABLE OF CONTENTS

LIST OF TABLES	v
LIST OF FIGURES	vi
INTRODUCTION	1
CHAPTER ONE: BACKGROUND OF THE STUDY	5
CHAPTER TWO: PLANS AND PLANNING	15
CHAPTER THREE: TAIWANESE VALUES AND NORMS	23
CHAPTER FOUR: METHODS	32
CHAPTER FIVE: RESULTS OF THE STUDY	42
CHAPTER SIX: DISCUSSION AND IMPLICATIONS	63
APPENDIX A: BUYER/SELLER INSTRUCTIONS	74
APPENDIX B: PRE-NEGOTIATION WORKSHEET	80
APPENDIX C: FINAL CONTRACT	86
APPENDIX D: POST-NEGOTIATION QUESTIONNAIRE	87
APPENDIX E: CODING MANUAL FOR PRE-NEGOTIATION PLANS	89
APPENDIX F: CODING MANUAL FOR STIMULATED RECALL	91
LIST OF REFERENCES	94

## LIST OF TABLES

Table 1: Descriptive Information on Pre-negotiation Plans	44
Table 2: Means for Type by Country	45
Table 3: Means for Locus by Country	47
Table 4: Means for Length, Breadth, & Contingencies	48
Table 5: Descriptive Information on Stimulated Recall	51
Table 6: Means for Thought Units by Country	52
Table 7: Means for Country by Type of On-line Plans	52
Table 8: Means for Country by Locus of On-line Plans	53
Table 9: Means for Country by Type of Assessment	54
Table 10: Means and T-tests for Proposed Offers	58
Table 11: Means and T-tests for Final Contracts	60

## LIST OF FIGURES

Figure 1: Stereotypes in Western/Eastern Thinking	26
Figure 2: Example of Coding a Plan	39
Figure 3: Example of Coding Stimulated Recall	41

## INTRODUCTION

In the past 10 years, numerous studies in the field of communication have addressed the importance of plans and planning for accomplishing goals (Berger, 1988; Berger & Bell, 1988; Berger & diBattista, 1993; Berger & Jordan, 1992; Berger, Karol, & Jordan, 1989; Hjelmquist & Gidlund, 1984; Waldron, 1990; Waldron, Cegala, Sharkey, & Teboul, 1990). These studies examine relationships between plans and outcomes, situational influences on plans, and complexity in strategies as a result of planning. In negotiation research, Roloff and Jordan (1991) examined the influence of effort, experience, and goals on bargaining plans. Wilson and Putnam (1990) describe a variety of goals which may be pursued, or may be planned for, during negotiation. But what has not been addressed is whether there is a difference between cultures in plans and planning before and during negotiation.

This paper examines plans and planning from an intercultural perspective. Specifically, this paper focuses on the differences between American and Taiwanese subjects in the way they plan before and during negotiation, and the goals for which the plans are created. The following

questions are addressed regarding possible differences between Americans and Taiwanese: Are purported differences in the reasoning process across US and Taiwanese cultures evidenced in the types of negotiation plans developed prior to the negotiation? Do differences in cultures affect the goals which are pursued? Are there differences in on-line planning between US and Taiwanese cultures?

In order to address these questions, the first chapter of this dissertation provides a general overview of the need and purpose of this study. The second chapter defines plans and planning. Plan complexity, specificity, and effectiveness are described. The third chapter explores the cultural values, norms, and cognitive processes attributed to persons from Taiwanese culture. Taiwanese norms are compared with American values, norms, and cognitive processes. This chapter argues that the values and norms generally associated with Taiwanese are insufficient to explain the actual behavior of Taiwanese persons in negotiation. Current research in the area of planning assumes subjects use American logic and rational processes. In contrast, literature on differences between East and West suggest that Taiwanese logic and rational processes may be markedly different from Western processes (Acuff, 1993; Chu, 1990; Hsu, 1981; Macleod, 1988; Northrop, 1950). Thus, the point is made that the indicators used in current planning



studies could lead to a possible mis-interpretation of Taiwanese plans and planning.

The fourth chapter of the dissertation describes the methods for the study used to explore whether Americans and Taiwanese differ in their plans and planning in a negotiation context. Chapter five provides and discusses the results of the study. The sixth and final chapter of the dissertation discusses the results and the limitations of this study, and details implications for negotiation and future research as a result of understanding plans and planning from a cross-cultural perspective.

#### Conceptual Definitions

Several terms used throughout this dissertation need to be defined prior to the ensuing discussion. First, negotiation is defined as the "process by which a joint decision is made by two or more parties. The parties first verbalize contradictory demands and then move toward agreement by a process of concession making or search for alternatives" (Pruitt, 1981, p. 1). For this paper, the two parties are made up of one individual in each party. While negotiation often involves parties involving more than one person, the issues discussed here are focused on the impact of one individual negotiating with another. It is recognized that the planning process may be complicated by group dynamics and constituent demands, which are beyond the scope of this dissertation.

While there are many ways that culture can be defined (Geertz, 1973; Gudykunst & Ting-Toomey, 1988; Hofstede, 1984; Trompenaars, 1993), the definition used in this dissertation is that a culture is made up of inhabitants from one geographic region, under one national government. Intercultural negotiators typically refer to their cross-cultural counterpart according to the definition provided here--that is, according to national boundaries. US negotiators generally refer to "negotiators from Taiwan" rather than making the finer, ethnic-oriented distinctions. Similarly, US negotiators are referred to as "American" rather than "caucasian" or "Californian" by their international counter-parts. Again, it is recognized that finer distinctions may indeed be valuable to examine more closely but are not included in the scope of this dissertation.

## CHAPTER ONE: BACKGROUND OF THE STUDY

The purpose of this chapter is to review the importance of examining cultural differences in plans and planning for negotiation. First, the importance of plans and planning for negotiation is discussed. Second, different perspectives on the relationship between culture and negotiation are discussed. Third, suggestions are made for the direction research should take in investigation culture and negotiation. Finally, background information based on Americans' experience with Taiwanese and Chinese is provided as a basis for examining this issue.

### Plans and Planning in Negotiation

Lewicki and Litterer (1985) state that planning and preparation are the most critical elements of reaching negotiation goals. In negotiation, consideration of the opponent's plans--their arguments, proposals, and tactical maneuvers--can be extremely important in reaching the negotiator's own goals (Roloff & Jordan, 1992). Neale and Bazerman (1985) argue that it is to the advantage of the negotiator to understand and anticipate what the opponent will do and the effect that the opponent's plans may have on the negotiation. Rational negotiation is enhanced by

careful consideration of the opponent's cognitive understanding of the negotiation, in addition to preparing for and anticipating the opponent's reactions (Bazerman & Neale, 1992; Neale & Bazerman, 1991).

The perception of the opponents' plans and the generation of the negotiator's own plans are necessarily linked (Bruce, 1980). Therefore, to plan for negotiation with intercultural opponents, it is useful for negotiators to understand how opponents' plans and planning both prior to and during the negotiation differ from their own. In a training manual for intercultural negotiators, Casse and Deol (1985) recommend the following:

Planning is critical. We should know sufficiently, if not intimately, about the culture of people we are going to negotiate with. Then we have to carefully plan our moves. There are some things that are going to work as irritants. We should try to avoid them. There are other things which are likely to facilitate the process. We should use them in an effective way.

(p. 133)

#### Different Perspectives on Culture and Negotiation

Empirical research in intercultural negotiation is generally done from either a "culture as shared values" or a "culture in context" perspective (Cai, 1993; Drake, 1993; Janosik, 1987; Wilson, Cai, Campbell, Drake, Donohue, in press). These two perspectives provide differing views of

how culture relates to communication in negotiation sessions between people from different cultures. It is argued here that, although the culture in context perspective is preferred for more complete understanding of the impact of culture on negotiation, the culture as shared values approach is useful for initiating this research.

The "culture as shared values" approach assumes that members of a culture communicate, or negotiate, in a certain way because they share some distinct underlying value. Janosik (1987) points out that "there seems to be a suggestion that culture largely predetermines negotiator behavior" (p. 534). For example, frequently persons from different cultures are compared along the dimensions of individualism/collectivism or high/low context cultures (Wilson et al., in press). Persons may also be compared and grouped according to national culture. These studies suggest that within a certain culture type, persons will act according to culturally predetermined patterns of behavior (Adler, Graham, & Gehrke, 1987; Campbell, Graham, Jolibert, Meissner, 1988; Fant, 1989; Graham, 1983; Graham, 1985; Graham, Evenko, & Rajan, 1992; Graham, Kim, Lin, & Robinson, 1988).

In contrast, the perspective of "culture in context" takes a more complex view of the relationship between culture and negotiation. This view supports research that takes into account both culture and other aspects of the

negotiation which may affect the way bargainers communicate. Contextual factors may include the role of the bargainer, time constraints, number and linkage between issues, and the goals or plans of the negotiators. In addition, accommodation and a norm of reciprocity during an intercultural negotiation are also likely to alter the communication processes, thus overriding the effect of cultural determinism (Cai, 1993). Thus, culture alone does not predetermine communication behavior of interactants. Instead, this view suggests that any attempt to understand negotiator behavior based only on the culturally defined values of the negotiator will be inadequate (Janosik, 1987, p. 537).

But while it may seem that the culture in context perspective is a more complete means for understanding the relationship between culture and communication in negotiation, the culture as shared values approach has merit for initial research. An approach which seeks to understand cross-cultural issues initially can help to provide insight when examining the issues in an intercultural context. While this dissertation is aimed at initiating a program of research which will eventually examine plans and planning in intercultural negotiation, the aim of this initial research is to uncover whether there are any cultural differences which exist that merit further study.

Thus, this dissertation presents a culture as shared values approach to understanding plans and planning across US and Taiwanese cultures. The aim is to first uncover whether purported differences in thinking processes do exist. Further intercultural communication research in this area is contingent on first discovering what type of differences may occur between the cultures. If differences do exist, then it is valuable and important to continue the research from a culture in context perspective.

#### Direction for Research

The cultural comparison of plans and planning in negotiation covered in this dissertation is the initiation of a program of research in this area. This program of research is aimed at addressing how differences in plans and planning across cultures affects the communication process within cross-cultural negotiation and the outcomes of such negotiations. Wilson and Putnam (1990) argue that variations in the goals pursued by negotiators can account for the effects of negotiator qualities, situational constraints, and emergent processes on bargaining processes and outcomes. Therefore, if cultural differences do exist in goals and the plans made to achieve those goals, there should be implications for the communication process and the negotiation outcomes. Interactants adjust their communication to overcome anticipated or experienced obstacles that impede goal achievement (Roloff &

Janiszewski, 1989). In contrast, a person achieves understanding by making inferences about the goals which others are pursuing and about the plans which others use to achieve those goals (Berger, 1993; Litman & Allen, 1987; Schank & Abelson, 1977). Therefore, plans and planning should affect communication as negotiators prepare how to achieve their goals and anticipate obstacles to achieving their goals.

One way we can better understand cultural differences in communication during negotiation is to first understand cultural differences in the plans and planning processes. After gaining this understanding, later studies can then examine differences in tactics and messages used to achieve goals in negotiation and the evolution of the interaction that reveals planning processes (Donohue, 1990).

#### Background Information

Part of the impetus for pursuing this study comes from the author's discussions with persons from Taiwanese and Chinese cultures about future plans in their own lives. Typically, questions such as, "What do you want to do when you get back to your country next year?" or "When you finish school in the spring, what do you plan to do next?" were answered with responses of "I don't know." or "I'm not sure, I'll see what happens when I get there." Interviews with Chinese and Taiwanese students by American interviewers can often lead Americans to the false conclusion that Taiwanese



lack direction in their lives because of a perceived lack of focus in their future plans. Americans expect a response which includes a clear and linear plan of action detailing specific goals. Taiwanese, however, may not focus on the specific events but rather on a more ambiguous long term goal.

American interviewers revealed that they find it frustrating to hear what they perceived to be a lack of direction by Taiwanese and Chinese persons. "A person should know where their going next. If they don't know where they're going, they're certainly not going to get there," said one interviewer. This suggests a cultural difference in the importance of plans and the expectations of plan specificity.

When talking to the Taiwanese and Chinese students, they revealed that they did indeed have ideas about where they would like to be in the future but were hesitant to suggest what specifically they would do next when they were uncertain about what the possibilities were. Americans, on the other hand, seem to value a specific plan, which should include contingencies should the initial plan not work. Americans, in contrast to Taiwanese and Chinese, are more likely to suggest a step-by-step proposal for reaching a desired end-goal, with more attention given to the steps than to the goal itself.

The possibility of cultural misunderstandings occurring as a result of differences in planning was further pursued by interviewing persons from China and Taiwan who have taken part in business negotiations. When asked how these bargainers prepared for negotiation, they said that they undergo careful preparation regarding knowledge of the opponent and the numbers available relevant to the negotiation. In contrast, a more general and global projection was made for the end goal of the negotiation itself. The following was a typical response, "I know I want to make a profit, but I'll get into the negotiation and see what happens."

This same long-term perspective was reflected in discussions about the national government's projections for the future. China's government prepares a "five-year plan" and Taiwan a "six-year plan". Both countries set a target for the future, without very specific "landmarks" or contingencies. In contrast, the U.S. government tends to rely on quarterly reports (i.e. three months), with businesses and government making adjustment based on these reports. This difference is illustrated in the following:

The importance to international business communication of cultural differences in time budgeting is marked. In the United States and some other countries, short-term goals are generally emphasized over long-term goals. This manifests itself in business communication

geared toward positive accomplishments that managers can report in quarterly plans, and the consequent need for relatively quick responses to initiatives. By contrast, Japanese, Soviet and other cultures [including Chinese and Taiwanese] with a longer perspective allow more time for carefully considered responses to initiatives. While such mulling sacrifices speed, it may gain in foreseeing difficulties. (Victor, 1992, p. 241-242)

Victor (1992) further cites a director of the Trade Advisory Service for a U.S. accounting firm, who observes that:

executives in the United States have tended to stress short-term return on investment, with a consequent emphasis on the quarterly period as the unit of planning. Many U.S. companies consider long-term planning to mean planning ahead a year or two--at most, three to five years. European and Asian firms, by contrast, stress a long-term orientation, generally perceived as planning ahead at least ten years. (Grand strategies can extend to fifteen or twenty years or even longer.) (Valentine, 1988, cited in Victor, 1992, p. 242)

In a briefing on Chinese political negotiating behavior, Solomon (1985) points out that Chinese tend to seek agreement on general principles before discussing concrete issues. He suggests that Chinese are more willing

to compromise on specific issues after first gaining a sense for the broader purposes of their opponent. Foster (1992) summarizes the differences this way: "Certainly a culture several thousand years old has a different perspective on the world from a culture several hundred years old" (p. 285).

The differences pointed out in this chapter between Taiwanese and American suggest that there do indeed exist cultural differences in the plans prepared by the members of these two cultures. This dissertation is aimed at exploring what differences exist between American and Taiwanese culture in making plans so that future research can further explore what implications these differences have on the communication processes during negotiations.

## CHAPTER TWO: PLANS AND PLANNING

This chapter provides an overview of the research on plans and planning. First, relevant literature is reviewed regarding plans and planning research. Plans and planning are defined and the indicators of plans are discussed. Second, specific goals which may be planned for in negotiation are reviewed.

### Plans and Planning

Although several definitions of plans exist (Berger, 1988; Miller, Galanter, & Pribram, 1960; Schank & Ableson, 1977; Wilensky, 1983), plans are essentially cognitive structures which specify actions for pursuing one or more goals (Berger, 1993; Berger & Bell, 1988). Plans are representations, in some form, of intended actions which, if implemented, are designed to produce a desired outcome (Bratman, 1987; Bratman, 1990; McLaughlin, 1984; Pea & Hawkins, 1987). Inherent in a plan is the existence of a goal to be accomplished (Brand, 1984; Pollack, 1990). Thus, the type of plan formulated is dependent on the type of goal pursued. A plan may involve a single activity or a sequence of activities.

*Plan*, as used in this dissertation, refers to the construction of intended actions made *prior* to the whole or a portion of the interaction, in anticipation of accomplishing desired goals during an interaction, with consideration of possible obstructions to obtaining those goals (Hayes-Roth & Hayes-Roth, 1979). The pre-negotiation plan is created as a guide for use during the negotiation. This dissertation examines plans that are created both prior to and during the bargaining session.

The term "planning" is often referred to as the process of constructing a plan. Once the plan is made, the execution of a plan is the actual behavioral enactment of the intended action in an effort to produce the desired outcome (Brand, 1984; Hjelmquist, 1990; Hjelmquist & Gidlund, 1984; Litman & Allen, 1987). The term "planning" is also referred to as the process of applying a pre-formed plan to the anticipated situation and either enacting the plan or making adjustments based on obstacles which arise (Alterman, 1988; Carbonell, 1981; Pea & Hawkins, 1987; Waldron, 1990). In other words, *planning* refers to the execution and adjustment of a plan as well as the creation of plans *during* the interaction. In this dissertation, the process of planning and the creation of plans *prior* to the negotiation will be referred to as "pre-negotiation" plans and planning. The process of planning and creation of plans

during the interaction are referred to as "on-line" plans and planning.

The following illustrates the difference between *pre-negotiation* plans and planning and *on-line* plans and planning in negotiation. Before a negotiation, the negotiator may consider what goals are to be achieved in the session such as the initial offer the negotiator will make, possible concessions that can be made, and possible counteroffers and interests of the opposing party. The negotiator may then anticipate the goals and possible obstacles to achieving his or her own goals. Based on this information, the negotiator constructs a *pre-negotiation plan* for managing the negotiation. During the negotiation, however, the negotiator may face greater opposition than anticipated from the opponent regarding the target goal. Frequently on the spot, the negotiator must immediately adjust the original plan, either by finding a new path to reach the desired goal or by adjusting the goal. The process of enacting and then adjusting a plan or developing new plans based on features of the interaction is *on-line planning*.

Plans are not scripts; but scripts can evolve from plans (Brand, 1984; Schank & Abelson, 1977). Scripts are more specific than plans and represent a more rigid sequence of actions which develop due to repeated use (Berger & Bell, 1988). Thus, repeated use of a plan may develop into a

script. Plans are generally made when scripts are unavailable for a given situation or when a given situation is too complex for a script (Pea & Hawkins, 1987).

Plans are made at different levels of abstraction. They may be specific or general. Specific plans consist of a series of local decisions, anticipating concrete issues which may arise. General plans focus on a global perspective of a problem, viewing the situation as a whole. People may begin generating plans at a more global level and generate more specific planning as the problem unfolds. Conversely, plans may provide a number of specific decisions without an overall framework (Pea & Hawkins, 1987). The breadth of a plan is the variety of different actions included in the plan aimed at achieving various goals (Berger & Bell, 1988).

Plans can be simple or complex, with complex plans having more alternative and/or contingency actions in anticipation of that the original plan of action should fail (Berger & Bell, 1988; Berger et al., 1989). Alternative actions differ from contingency actions. Alternatives provide more than one possible action or series of actions to achieve a desired goal. Thus, an alternative takes the following form: To achieve X, I will do Y, or I will do Z, or I will do A. In contrast, a contingency describes provisional actions in anticipation that the original plan the negotiation. may not be effective. A contingency takes



the following form: To achieve X, I will do Y, but if Y does not work, then I will do Z.

Studies on plans have used plan length and the number of tactics or contingencies included in the plan as indicators of the sophistication and complexity of plans (Berger, 1988; Berger & Bell, 1988; Roloff and Jordan, 1991). Coders have also been used to determine whether the plans seem to be effective or not, with a significant correlation between plan length and effectiveness.

In addition to plan length and number of contingencies, plan specificity can serve as a useful indicator of a good plan. For example, two plans may each have three steps to reach a goal, yet one of the plans may be more clear and detailed and therefore more effective than the other. The length of a plan does not necessarily indicate a specific plan. For the purpose of this study, however, plan complexity is of interest. In this study, complex plans are a function of plan length, plan breadth, and the number of contingencies included in the plan.

### Negotiation Goals

Most of the literature in the field of communication on plans and planning deals with conversation goals. Specifically, this research provides a single task and asks subjects to write out how they plan to accomplish the task (Berger & Bell, 1988; Berger & diBattista, 1993; Berger et al., 1989; Berger & Jordan, 1992; Waldron, 1990; Waldron et

al., 1990). In contrast, plans and planning in negotiation are more complex. Sycara (1990) points out that since negotiation involves multiple agents with multiple and conflicting goals, "a planner for negotiation needs to plan in an *iterative* rather than a *one shot* fashion" since it is unlikely opponents will agree to an initial proposal (p. 219). The cognitive load involved in plans and planning in negotiation is greater than in a single task interaction.

Much of the load placed on cognitive resources in negotiation is the number of goals which are to be accomplished in the negotiation (Sycara, 1990; Waldron et al., 1990). There are three types of goals which are pursued in negotiations and need to be considered when developing plans. The first are instrumental goals, which are task oriented goals related to obtaining money, goods, services, or information (Roloff & Jordan, 1992; Wilson & Putnam, 1990).

A second type of goals are relational goals. In short term relationships, or single session only negotiations, these type of goals may be relatively unimportant compared to negotiations where multiple sessions are anticipated. In long term negotiation relationships, relational goals may play an important role in how the negotiation is managed. Gaining power, avoiding subjection to the other's power, and building a level of trust are important aspects of relational goals (Wilson & Putnam, 1990). A long term

balance of power may be important to maintain for expected future negotiations. Yet, the use of threats and attacking arguments can either threaten the other's power or guard against exploitation by the other's power (Lax & Sebenius, 1986)

The third type of goals pursued in negotiation are face goals. This type of goal involves the maintenance of a negotiator's own identity while simultaneously dealing with the identity of the other negotiator. Negotiators may attack or defend the other's face to accomplish relational and instrumental goals, as well as to build up one's own face image (Putnam & Jones, 1982; Roloff & Jordon, 1992; Wilson & Putnam, 1990).

During negotiation, bargainers pursue multiple goals made up of a combination of commodity, relational, and face concerns. To pursue the goals effectively, priorities are often set for which goals are primary and which are secondary and can be sacrificed for pursuit of primary concerns. Furthermore, most effective planning involves consideration of contingencies, should initial plans not achieve the desired goals. Although it has been argued that simple plans may be effective because they take the optimal route to a specific goal, complex plans are generally considered more effective in that they prepare for alternative responses (Berger & Bell, 1988). Berger and Bell measured plan complexity by using a combination of

three measures: length, breadth, and a contingency ratio. They found that ratings of plan effectiveness by a group of judges significantly correlated with the length, breadth, and contingency ratios of the plans. Thus, the researchers argue that effective plans are likely to be more complex. That is, effective plans are likely to be longer and broader than ineffective plans, and they are more likely to anticipate contingencies.

Goals can be pursued at different levels of abstraction. Specifically, negotiation goals are pursued at three levels: local, regional, and global (Wilson & Putnam, 1990). Local goals pertain to small segments or individual acts within the negotiation session. Regional goals and plans are those which focus on single sessions or encounters. Global goals and plans are formulated with focus on the entire negotiation or series of negotiations. This is a long range perspective where, prior to bargaining, each party sets target and resistance points for final, overall positions.

Both the construction of plans and act of planning prior to and during negotiation require cognitive effort. Therefore, if cognitive processes differ across cultures, the process of making and enacting plans should also differ. The next chapter discusses proposed differences between US and Taiwanese cultures in cognitive processes and how it may effect plans and planning in negotiation.

## CHAPTER THREE: TAIWANESE VALUES AND NORMS

Theories in the intercultural literature about differences in East and West cultures have led to many assumptions and numerous studies about Chinese culture (Chua & Gudykunst, 1987; Hall, 1976; Hofstede, 1980; Hui & Triandis, 1986; Kirkbride, Tang, & Westwood, 1991; Leung, 1988; Trubisky, Ting-Toomey, & Lin, 1991; Walker, 1990). Based on theories of individualism-collectivism and purported differences in reasoning processes, questions must be raised whether Chinese plan in the same way and with the same purposes as Americans.

Three issues will be discussed in this section. Does the purported difference in reasoning process lead to a difference in the type of plans developed? Does the difference in cultural values affect the goals which are pursued? And do the indicators of complex plans possibly misinterpret Chinese planning?

### Reasoning Process

The East and West are said to use very different reasoning processes (Nadler, Nadler, & Broome, 1985). Western thinking is conceptual, emphasizing the empirical, observable component of knowledge and deductive reasoning.

Knowing something in the West means to have gone on an investigation to substantiate a theory or postulate. To show that something is known, an individual must be able to verbalize precisely what is known (Northrop, 1950).

Eastern thinking, particularly Chinese, is considered to be "concrete relational," meaning that life and reality are seen more as pictures, using a greater amount of imagery. "Knowing" something in the East means that the indeterminate aesthetics have been comprehended but not necessarily verbalized. Confucian teaching warns against too much verbosity. Meaning is often inferred. Chinese patterns of reasoning do not easily handle hypothetical situations (Bloom, 1977).

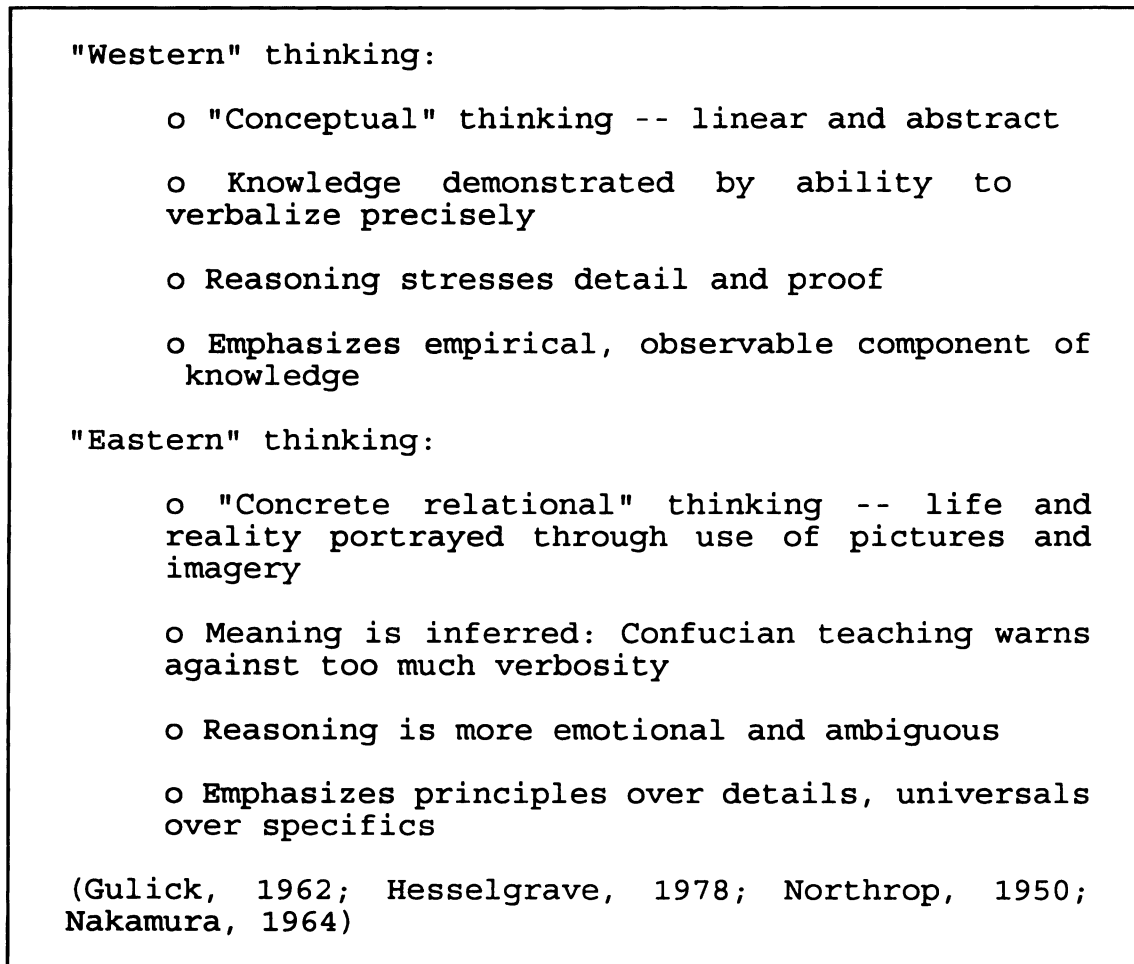
Stereotypes regarding differences between Eastern and Western thinking are primarily based on works such as Northrop, Gulick, and Nakamura, which date back three or more decades. Although still generally untested empirically, these stereotypes remain prevalent for describing differences between these two cultural regions. Thus, the differences are cited here because they provide the foundational information about differences on which further intercultural assumptions and research have been based.

More recently, Walker (1990) discusses the differences in reasoning by proposing First, Second, and Third-World argument in international negotiation. First-World

reasoning, as exemplified by the U.S., stresses detail and proof, tends to be more legalistic, and is more likely to be focused on pragmatic and practical issues. In contrast, Third-World reasoning, as exemplified by China and Taiwan, uses more emotion and imagery and tends to be more ambiguous. Furthermore, according to Ting-Toomey (1988), collectivistic cultures such as Chinese and Taiwanese are likely to put more emphasis on principles over details and universals over specifics. In addition, Chinese and Taiwanese tend not to separate specifics from the totality and not to deal with issues in isolation (Kirkbride et al., 1991; Solomon, 1987).

If the proposed differences in the way the two cultures reason hold true, the differences should have implications for the development of plans. Pre-negotiation plans are dependent on the ability to consider hypothetical circumstances in order to prepare contingencies. Thus, Americans should plan more specifically for possible obstacles before a negotiation because of the Western ability to handle hypothetical situations. Americans should be better at anticipating hypothetical obstacles and thus able to prepare for the obstacles with contingency plans. Therefore, Americans' plans should be local and complex.

In contrast, the preparation of pre-negotiation plans should be quite different for Taiwanese. Taiwanese should be more likely to set goals focusing on the overall outcome of the negotiation. That is, their plans should be global



**Figure 1: Stereotypes in Western/Eastern Thinking**

and simple. They should be less likely than Americans to prepare contingency plans which consider specific obstacles. They should also be more likely to prepare ambiguous plans rather than detailed step by step actions.

If the proposed differences in reasoning processes are evidenced between Americans and Taiwanese, they should impact the preparation of plans prior to negotiation. In contrast, it is uncertain whether planning *during* negotiation, or on-line planning, will be affected by the proposed differences. As Suchman (1987) points out, plans



are prerequisite to action and prescribe action at various levels of detail. In this study, it is suggested that American and Taiwanese persons may focus their pre-negotiation plans towards differing levels of detail. The problem of enacting plans, however, is that of "failure and surprise" in executing plans.

Suchman (1987) suggests that alternatives to planned actions are difficult to anticipate until need for an alternative becomes present.

For example, in planning to run a series of rapids in a canoe, one is very likely to sit for a while above the falls and plan one's descent. The plan might go something like 'I'll get as far over to the left as possible, try to make it between those two large rocks, then backferry hard to the right to make it around that next bunch.' A great deal of deliberation, discussion, simulation, and reconstruction may go into such a plan. But, however detailed, the plan stops short of the actual business of getting your canoe through the falls. When it really comes down to the details of responding to currents and handling a canoe, you effectively abandon the plan and fall back on whatever embodied skills are available to you. The purpose of the plan in this case is not to get your canoe through the rapids, but rather to orient you in such a way that you can obtain the best possible position from which to

use those embodied skills on which, in the final analysis, your success depends. (p. 52)

The process of on-line planning during negotiation, therefore, should be a means of addressing specific obstacles by altering and re-adjusting actions as needs arise. Therefore, while pre-negotiation plans reflect differences in the reasoning process about the negotiation, planning should reflect the need to make immediate adjustments to obstacles during the negotiation. In other words, on-line planning should be done primarily at the local level for both US and Taiwanese bargainers, rather than at the regional or global level.

#### Differences in Values

In on-line planning--the process of carrying out plans, adjusting them according to perceived obstacles, and making plans based on needs that arise during the interaction--a difference in values should determine a difference in the prioritizing of the various goals pursued. The differences between American and Taiwanese values are described in theories differentiating individualism and collectivism (Hall, 1976; Ting-Toomey, 1988). The cultural differences across this dimension have been substantiated by numerous studies (Chua & Gudykunst, 1987; Hui & Triandis, 1986).

Most commonly, Taiwanese culture is categorized as collectivistic (Hall, 1976; Kirkbride et al., 1991; Ting-Toomey, 1988). Characteristic of collectivistic cultures

such as Taiwanese culture is that the group is valued over self-interests. Other value orientations said to be characteristic of Taiwanese culture are value for harmony and sensitivity toward saving face. Taiwanese are more likely to preserve harmony and adopt non-assertive, yet not accommodating, approaches to resolving conflict. For example, Kirkbride et al. (1991) demonstrate that Taiwanese use more compromising and avoiding styles of conflict than competitive, collaborative, or accommodating. Ting-Toomey, Gao, Trubisky, Yang, Kim, Lin, and Nishida (1991) shows Chinese and Taiwanese students to be more avoidant in their conflict style than students from the United States. Similarly, in Trubisky et al.'s (1991) comparison of conflict styles between Taiwanese and US subjects, Taiwanese subjects were shown to be more avoidant, compromising, integrating, and obliging than US subjects.

In contrast, Americans are described as individualistic--that is, they are more concerned about self than group concerns (Hofstede, 1980; Kohls, 1984). They are more likely to use competitive tactics and conflict styles and do more face attacking than would Taiwanese (Chua & Gudykunst, 1987; Kumagai & Straus, 1983). For example, Roloff and Jordan (1992) demonstrate that threats, which are highly face threatening (Brown & Levinson, 1987), are frequently used as contingency plans. Threats are an acceptable part of the repertoire for Americans to gain

compliance because compliance is valued above face and relational goals. But given the difference in values, Taiwanese should be less likely to rely on threats because of concern for relational and face goals.

### Research Questions and Hypotheses

Differences in planning have not yet been tested across cultures. Furthermore, the differences in reasoning processes between American and Chinese/Taiwanese cultures are proposed based on ethnographic and interpretive data. Consequently, since there is a lack of scientific data, the following research questions are provided to address the issues related to cultural differences in planning:

RQ1: Are purported differences in the reasoning process across US and Taiwanese cultures evidenced in the types of negotiation plans developed prior to the negotiation?

RQ2: Do differences in cultures affect the goals which are pursued?

RQ3: Are there differences in on-line planning between US and Taiwanese cultures?

This study is the first to address these differences empirically. It is necessary to point out, however, that it is uncertain whether these differences may be evidenced in plans and planning for the specific context of bargaining over economic issues. Nevertheless, to address these research questions, hypotheses have been developed based on

what the literature review suggests may be evident differences.

**H<sub>1</sub>: Pre-negotiation plans by Taiwanese bargainers will reflect more concern about relational goals prior to the negotiation than pre-negotiation plans by American bargainers.**

**H<sub>2</sub>: Pre-negotiation plans by American bargainers will demonstrate more concern for local goals than pre-negotiation plans by Taiwanese bargainers.**

**H<sub>3</sub>: Pre-negotiation plans by Taiwanese bargainers will demonstrate more concern for global goals than pre-negotiation plans by American bargainers.**

**H<sub>4</sub>: Americans will prepare more complex plans than Taiwanese prior to the negotiation (where complexity is a function of length, breadth, and number of contingencies included in the plan).**

**H<sub>5</sub>: There will be no difference in the on-line plans made during the negotiation between American and Taiwanese bargainers.**

The following study is designed to address the hypotheses and research questions regarding whether cultural differences exist in negotiation plans and planning. In addition, the entire preparation process is examined prior to the negotiation to provide further possible insights into the way American and Taiwanese subjects prepare for bargaining in a buyer/seller situation.

## CHAPTER FOUR: METHODS

This chapter reviews the methods used for this study. First, the subjects are described. Second, procedures are provided, including a description of the instruments used. Finally, the coding of the pre-negotiation plans and recall of on-line thoughts are discussed.

### Methods

Participants. 25 dyads of American students (N = 50) and 17 dyads (N = 34) of Taiwanese students voluntarily participated in the study. All of the subjects were students at a large Midwestern university. Americans were paired with Americans and Taiwanese with Taiwanese in same-gender dyads to negotiate. They were randomly assigned the roles of either buyer or seller in a simulated negotiation situation.

### Procedures

Introduction and instructions. Subjects were seated initially in the lobby area of the research laboratory. They were first given a consent form briefly describing the methods of the study. After completing the consent form, each subject was given the role-play instructions describing their role as either buyer or seller in the simulated

negotiation. The buyer and seller instructions are provided in Appendix A.

Included in the instructions were pseudonyms to be used during the negotiation. Buyers were given the name Pat Petersen of Allied Appliances, and sellers were given the name Terry Thomas of Moore Distributors. The Taiwanese subjects received instructions in Chinese and Americans received instructions in English. In Chinese, the names were translated into typical Chinese, but still gender-neutral, names.

Pre-negotiation worksheet and questions. After reviewing the instructions, each subject was asked to complete a worksheet regarding desired profits and end-goals for each product and for the overall negotiation. The worksheet was aimed at helping subjects think about acceptable offers and profits for each item and for the negotiation as a whole. Also included were three 5-point Likert items regarding the reasonableness and acceptability of their proposed offers. After completing the worksheet, subjects were asked to write out their response to the following question: "Write out your anticipated strategy for the negotiation." (A sample pre-negotiation questionnaire is provided in Appendix B).

The negotiation. After completing the pre-negotiation questionnaire, subjects were asked to negotiate. The negotiation sessions were videotaped with two cameras for

use in the stimulated recall following the negotiation. The sessions were also audiotaped for transcription and analysis in the future. Subjects were told that they would be given 30 minutes to negotiate. They were to try to reach an agreement within that time. They were given a final contract (see Appendix C). They were asked to complete the contract for any items on which they reached an agreement and then sign the contract using their pseudonyms.

Stimulated recall. When the negotiation session was completed, the subjects were taken to separate rooms for the stimulated recall portion of the research (Waldron, et.al, 1990). Each room was equipped with a video player and monitor. Each person was asked to watch the video tape of their negotiation session and try to relive the experience of the negotiation, attempting to remember whatever they were thinking during the bargaining session. They were instructed to pause the video player whenever they recalled something they were thinking. They were instructed to then write down the time showing on the monitor, and describe whatever they recalled thinking during negotiation.

Final questionnaire. Finally, subjects were given a questionnaire which included five 5-point Likert scale items measuring their perspectives on making future goals. The questionnaire also requested demographic information and included questions about their value of planning and whether



they believed they achieved their goals in the negotiation. The final questionnaire is provided in Appendix D.

Translation of materials. With the exception of the voluntary consent form, all instruments were translated into Chinese, including the role-play instructions, pre-negotiation worksheet, final agreement form, stimulated recall forms, and final questionnaire. After being translated into Chinese, the materials were back-translated into English to verify the accuracy of the translation. All materials were translated into Chinese to encourage the Taiwanese students to think in their native language. Subjects were also encouraged to use their native written and spoken language in completing the assigned tasks. All written responses that were in Chinese were translated back into English for coding.

#### Coding of Pre-negotiation Plans and On-line Recall

Plan simplicity versus complexity. The pre-negotiation plans which were written out by the subjects were typed and then coded by three independent US coders. Responses written in Chinese were translated into English and then coded. Each plan was unitized by three Anglo-American coders who were unaware of the hypotheses for the Action Units which made up each plan. An Action Unit is a sentence or clause that depicts a single goal (Waldron et al., 1990). Guetzkow's *U* was computed for the unitizing of action units by the coders. Guetzkow's *U* is a measure of disagreement in

unitizing among coders (Folger, Hewes, & Poole, 1984). Guetzkow's *U* was .001 for coders A and B, .02 for coders B and C, and .002 for coders A and C, with .000 being a perfect reliability.

Each Action Unit of every plan was coded twice: once for the type of plan on which the action unit focused, and once for the locus of the action unit, as described in the following sections. See Appendix E for the manual describing the coding of pre-negotiation plans.

Type of Plan. Each Action Unit was coded for the type of plan on which it was focused. Action Units were coded as focused on instrumental, relational, or identity goals. Instrumental plans related to the task of acquiring information or achieving profit, goods, and so on. Relational plans were Action Units aimed at advancing or maintaining the interpersonal relationship with the negotiating partner or company. Identity plans related to the face needs or impression-formation of the individual bargainer or his/her company.

In some cases, an Action Unit was coded twice for the type of plan (e.g. instrumental/relational). In all, 9% of the Action Units were assigned two codes for type of plan. Thus, an Action Unit coded as instrumental/relational was computed as both instrumental and as relational. The majority of the Action Units that were double coded were coded for both instrumental and relational focus--where

someone uses the relationship to achieve a instrumental gain. Examples of Action Units coded more than once for type are as follows:

***Instrumental/relational***: "Butter the representative up and hit him with the deal."

***Identity/relational***: "I want to come across as someone to be afraid of so that the other negotiator will be submissive to me."

***Identity/instrumental***: "Show that I have purchased in the past in large amounts and have a large base of customers who will continue to buy in the future."

Cohen's Kappa was used to compute reliabilities among the three coders in coding Action Units for the type of plan. The reliabilities for the coding of goal focus among the three coders were .90 for coders A and B, .86 for coders B and C, and .87 for coders A and C. Cohen's Kappa is a measure of agreement among the three coders in using the coding scheme, where 1.00 is a perfect reliability (Folger et al., 1984). Disagreements were resolved by majority agreement among the coders.

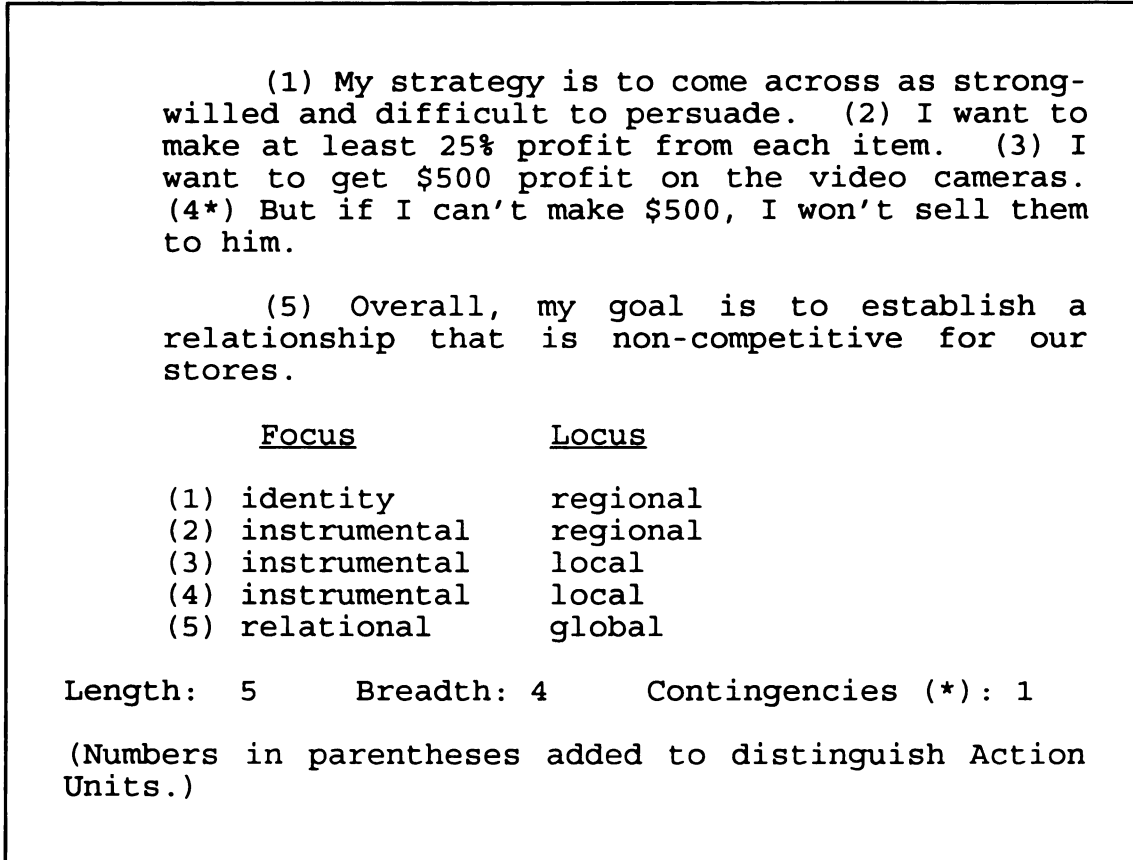
Plan locus. Each Action Unit of the pre-negotiation plans was coded for the locus of the plan. Plan locus could be global, regional, or local. Each Action Unit was coded as only one of the three categories. Global plans were defined as pertaining to the overall process of negotiating or goals which related to long term negotiating (i.e.

multiple sessions). Regional plans relate to the overall purpose and end result of the single negotiation session. Local plans were pertinent to small discourse segments and objectives related to individual acts within the negotiation session. Once again, Cohen's Kappa was used to compute reliabilities among the coders for coding the locus of plans. Reliabilities for the coding of goal locus among the three coders were .89 for coders A and B, .85 for coders B and C, .89 for coders A and C.

The reliabilities for coding the unitization of Action Units and using the coding schemes for type and locus of plan demonstrate consistency in the coding of the plans across the three coders. The coding was monitored regularly throughout the study.

In addition to coding Action Units, the length, breadth, and number of contingencies were measured for each plan. The length consisted simply of the number of Action Units included in the plan. The breadth of the plan was based on the number of different focus-locus combinations used throughout the plan. Contingencies included in the plan were then counted. A contingency was defined as a statement which implicitly or explicitly takes the following form: "If X does not work, then I will do Y." In other words, a contingency describes an alternative action should the initial plan of action not work. Figure 2 provides an

example of how a pre-negotiation plan was coded for length, breadth, contingencies, focus, and locus.



**Figure 2: Example of Coding a Plan**

**Stimulated recall.** The stimulated recall from each subject was coded for separate Thought Units. A thought unit was defined as a clause or statement depicting a single thought or action. Guetzkow's *U* for the unitizing of thought units was .02 for coders A and B, .002 for coders B and C, and .02 for coders A and C. Because subjects were asked to describe whatever they remembered thinking during the negotiation, much of the recall consisted of thoughts other than planning action units. Therefore, each thought

unit was coded first for whether the thought was plan- or assessment-oriented. See Appendix F for the manual describing the coding of the stimulated recall.

A plan-oriented thought was defined as implicitly or explicitly using an Act-Action-Goal structure, such as "I did/will do X to achieve Y." These units were further coded as instrumental, relational, or identity in type and then also coded for whether they were local, regional, or global in the locus of the planning. To provide additional information about cultural differences in the thinking process during negotiation, assessments were coded for being either self-, other-, or joint focused. Thought units which were neither plans nor assessments of self, other, or joint relationship were coded as "other". Cohen's Kappa for the reliability of using the coding scheme on the stimulated recall across the three independent coders was .85 for coders A and B, .86 for coders B and C, .84 for coders A and C. An example of coding the stimulated recall is found in Figure 3.

The coding of the spontaneous recall was aimed at addressing questions about how each culture plans during the negotiation and what types of plans are prevalent within each culture. The next chapter provides the results found in this study.

5:06 Good agreement on the sales strategy.  
(**joint assessment**)

5:06 I didn't prepare well enough on the price calculation. (**self assessment of own knowledge**)

5:09 Why did he accept that? (**other assessment**)  
I should lower the price more. (**plan, instrumental, local**)

5:10 We have different operating costs between our companies. (**joint assessment**)

5:12 I won't talk until he does. (**plan, relational, local**)

**Figure 3: Example of Coding Stimulated Recall**

## CHAPTER FIVE: RESULTS OF THE STUDY

To address the results of this study, this chapter first provides specific demographic information regarding the US and Taiwanese subjects. Next, data are provided to address the five hypotheses. After addressing the hypotheses, further results are discussed which provide additional information about Americans and Taiwanese related to the way they plan.

### Demographic Information

Of the 34 Taiwanese subjects, 10 were male and 24 female. The 50 US subjects consisted of 14 males and 36 females. Thus, there was approximately the same proportion of male and female subjects from both cultures.

The average age of Taiwanese subjects was 27, with the mean education level being the Masters level. US subjects' average age was 23, with the mean education level also at the Masters level. Every effort was made to obtain students from similar levels of education. Although the education level was similar across cultures, Taiwanese students tended generally to be older than American students of the same level, thus the difference in age means. The mean time that



Taiwanese subjects have been in the United States was between one and two years.

The primary difference between the subjects based on demographic information was the amount of previous negotiating experience reported. US students reported significantly more experience than Taiwanese students ( $r = -.34, p < .001$ ). This difference does not seem problematic, however. In fact, it may have been more problematic if Americans did not report substantial negotiating experience because bartering is an everyday activity in Taiwan but is generally uncommon for Americans who do not bargain as part of their everyday living experience.

### Results

Pre-negotiation Plans. 48 American pre-negotiation plans were coded and 32 Taiwanese plans were coded for type of plan, locus, length, breadth, and contingencies. One American subject did not write out a plan and one simply described the negotiation session. Two Taiwanese subjects did not write out plans. These cases were treated as missing data.

In addition, two Taiwanese subjects said they could not write out a plan. In both cases, the subjects stated that they could not write out their plan because their strategy was to wait to see what happened during the negotiation and evolve their plans there. When probed, both subjects were firm in their position that they would wait to see what

would happen and evolve their plans during the negotiation. This response was similar in type to that of Chinese negotiators interviewed previously. Thus, in both cases, these oral reports were written down and coded as "plans". Overall descriptives for the pre-negotiation plans are provided in Table 1.

**Table 1: Descriptive Information on Pre-negotiation Plans**

Code	Country	N	M	sd	Range	Min	Max
Instrumental	US	175	3.65	2.19	9	1	10
	Taiwan	109	3.41	1.60	5	1	6
Relational	US	33	.69	.85	3	0	3
	Taiwan	22	.69	.86	3	0	3
Identity	US	15	.31	.62	3	0	3
	Taiwan	6	.19	.40	1	0	1
Local	US	106	2.21	2.32	9	0	9
	Taiwan	47	1.47	1.39	5	0	5
Regional	US	74	1.54	1.15	4	0	4
	Taiwan	49	1.30	1.66	4	0	4
Global	US	45	.56	.74	2	0	2
	Taiwan	39	1.22	1.26	5	0	5

Hypothesis 1. To address the first hypothesis, a 2 (country) X 3 (type) ANOVA with repeated measures on the second factor was conducted to compare Taiwanese and American subjects on the type of plans prepared (instrumental, relational, or identity), with frequency of preparing each type of plan as the dependent variable (see Table 2). Hypothesis 1 predicts that **pre-negotiation plans by Taiwanese bargainers will reflect more concern about**

**relational goals prior to the negotiation than pre-negotiation plans by American bargainers.**

**TABLE 2: Means for Type by Country**

	Instrumental	Relational	Identity	Total
US				
<i>M</i>	3.65	.69	.31	4.65
<i>sd</i>	2.19	.85	.62	2.35
Taiwan				
<i>M</i>	3.41	.69	.19	4.28
<i>sd</i>	1.60	.86	.40	2.05
Total				
<i>M</i>	3.55	.69	.26	4.50
<i>sd</i>	1.97	.85	.55	2.23

The ANOVA for country by type of plan demonstrates a significant main effect for type of plan used,  $F[2,156] = 148.48$ ,  $p < .0001$ ,  $\eta^2 = .66$ . There is no main effect for country,  $F[1,78] = .51$ , n.s. Nor is an interaction evident for country by type of plan,  $F[2,156] = .28$ , n.s. Thus, hypothesis one is not supported. No difference is evidenced between the two cultures in their preparation of relational plans prior to the negotiation.

Hypotheses 2 and 3. To address hypotheses 2 and 3, a 2 (country) X 3 (locus) ANOVA with repeated measures on the second factor was conducted to compare the cultures in the locus of their pre-negotiation plans (local, regional, and global), using frequencies of plan locus as the dependent variable. Hypothesis 2 predicts that **pre-negotiation plans by American bargainers will demonstrate more concern for local goals than pre-negotiation plans by Taiwanese**

***bargainers***. Conversely, hypothesis 3 predicts that ***pre-negotiation plans by Taiwanese bargainers will demonstrate more concern for global goals than pre-negotiation plans by American bargainers***.

The ANOVA for country by locus of the plan shows a main effect for the locus of the plans made by both cultures,  $F[2,156] = 7.36, p < .001, \eta^2 = .08$ . That is, local plans are made more often than other types of plans. No country main effect was evidenced in the data,  $F[1,78] = .04, n.s.$  The results do, however, provide evidence of a country by locus interaction,  $F[2,156] = 3.82, p < .03, \eta^2 = .04$ .

Although there is evidence of an interaction, an ANOVA is not powerful enough to detect the full effect of the interaction when the interaction does not occur in the expected diagonal pattern across the cells. Thus, a trend analysis was conducted to test the interaction more accurately according to the predictions of the hypotheses. Contrasts were fit to each of the means according to the expected relationships predicted in hypotheses two and three (see Table 3).

The trend analysis shows that the Taiwanese subjects prepare approximately the same amount of local, regional, and global plans,  $F[2,156] = 11.11, p < .001, \eta^2 = .12$ . In contrast, US subjects prepare mostly local plans and fewest global plans. In addition, Taiwanese prepare significantly more global plans than US subjects, while US

**Table 3: Means for Locus by Country**

	Local	Regional	Global	Total
<b>US</b>				
<i>M</i>	2.21	1.54	.56	4.31
<i>sd</i>	2.32	1.15	.74	2.25
<i>Contrast</i>	+1	0	-1	
<b>Taiwan</b>				
<i>M</i>	1.47	1.53	1.22	4.22
<i>sd</i>	1.39	1.30	1.26	2.01
<i>Contrast</i>	0	0	0	
<b>Total</b>				
<i>M</i>	1.91	1.54	.83	4.28
<i>sd</i>	2.03	1.20	1.03	2.15

subjects prepare significantly more local plans than Taiwanese subjects, with the two cultures preparing approximately the same amount of regional plans. These results are consistent with hypotheses 2 and 3 which say that prior to the negotiation, Taiwanese prepare more global plans than US subjects while Americans prepare plans which are more locally oriented than Taiwanese plans.

Hypothesis 4. Hypothesis 4 predicts that **Americans will prepare more complex plans than Taiwanese prior to the negotiation, where complexity is a function of length, breadth, and contingencies which make up the plans.**

Separate significance tests (t-tests) were conducted to test the difference between the plans made by American and Taiwanese subjects in the length, breadth, and contingencies included in the pre-negotiation plans (see Table 4).

No significant difference was found in either the length,  $t[80] = .33$ , n.s., or the breadth,  $t[80] = .21$ ,

n.s., of the pre-negotiation plans prepared by subjects from both cultures. In other words, prior to the negotiation, both US and Taiwanese subjects prepared plans which were approximately the same length with a similar degree of variety in the goals for which the plans were made. The primary difference, however, was in the number of contingencies included in the plans. US subjects included significantly more contingencies in their pre-negotiation plans than did Taiwanese subjects,  $t[80] = 2.15$ ,  $p < .03$  with 2-tail probability.

**TABLE 4: Means for Length, Breadth, & Contingencies**

	Length	Breadth	Contingencies
US			
<i>M</i>	4.25	2.25	.65
<i>sd</i>	2.21	.93	1.12
Taiwan			
<i>M</i>	4.09	2.29	.21
<i>sd</i>	2.12	.97	.48
Total			
<i>M</i>	4.18	2.27	.46
<i>sd</i>	2.16	.94	.93

These results provide limited support for hypothesis four. The difference between pre-negotiation plans from members of the two cultures are not due to Taiwanese being unaccustomed to preparing plans. If this had been the case, a significant difference in length should be expected. Instead, these data suggest that prior to negotiating, Taiwanese prepare plans which are as lengthy and broad in their scope as US subjects, but they do not consider

contingent possibilities in the same way as US subjects. This may be a function of two aspects of the Taiwanese culture. First, that their plans have a long term rather than short term focus. Contingencies should be more related to the possible thwarting of local goals than regional and global goals. Second, Eastern thinking is said to be less able to manage hypothetical situations. The anticipation of obstacles and preparation to respond to such obstacles seems to be dependent on the ability to think in hypothetical terms. The data are consistent with this description of Eastern thinking processes.

#### Stimulated Recall

Several analyses were conducted on the stimulated recall to gain an understanding of the type of on-line thoughts recalled by subjects from both cultures. In all, 1324 thought units were coded, with a total of 880 thought units recorded by 47 US subjects and 444 thought units recorded by 25 Taiwanese subjects. Three US and seven Taiwanese subjects either simply described the negotiation or responded to the recall with reactions rather than assessments or plans. In addition, two Taiwanese subjects left before completing the recall due to time constraints. Recalls from these subjects were not included in the data. Descriptives of the recall are provided in Table 5.

Type of Thought Units. To examine the type of thought units recorded, a 2 (country) X 2 (thought unit) ANOVA with

repeated measures on the second factor was conducted to compare Taiwanese and US subjects in the recording of assessments versus plans, with frequency of thought unit as the dependent variable (see Table 6). A main effect is evident for the type of thought unit recorded,  $F[1,71] = 29.64$ ,  $p < .0001$ ,  $\eta^2 = .29$ . That is, subjects from both countries recorded assessments significantly more than plans. No main effect was evident for country,  $F[1,71] = .23$ , n.s. That is, US and Taiwanese subjects recorded approximately the same amount of thought units in the recall sessions. Although US subjects recorded slightly more assessments than Taiwanese subjects, while Taiwanese subjects recorded slightly more plans, no interaction was found between type of thought unit across culture,  $F[1,71] = 1.32$ , n.s.

Hypothesis 5. Hypothesis 5 predicts that ***there will be no difference in the on-line planning during the negotiation between American and Taiwanese bargainers.*** To test this hypothesis, two ANOVA's were conducted to test the difference in the type of planning recalled from the negotiation (i.e. instrumental, relational, or identity) and the locus of the planning (i.e. local, regional, or global), with frequency of each thought unit recorded as the dependent variable.



**Table 5: Descriptive Information on Stimulated Recall**

		Country	N	M	sd	Range	Min	Max
T h o u g h t	Assess	US	588	12.51	8.03	37	0	37
		Taiwan	279	10.73	6.43	28	1	29
	Plan	US	266	5.66	5.28	20	0	20
		Taiwan	163	6.27	5.67	20	0	20
A s s e s s m e n t	Self	US	245	5.21	4.63	27	0	27
		Taiwan	92	3.54	3.90	18	0	18
	Other	US	214	4.55	4.30	17	0	17
		Taiwan	118	4.54	3.05	11	0	11
	Joint	US	63	1.34	1.34	4	0	4
		Taiwan	38	1.46	1.86	6	0	6
	Negotiat	US	63	1.34	1.39	6	0	6
		Taiwan	27	1.04	1.00	4	0	4
T y p e	Instrum	US	231	4.92	4.80	18	0	18
		Taiwan	145	5.58	4.93	17	0	17
	Relation	US	22	.47	.80	3	0	3
		Taiwan	16	.62	1.06	3	0	3
	Identity	US	12	.26	.61	3	0	3
		Taiwan	2	.08	.39	2	0	2
L o c u s	Local	US	230	4.89	4.78	19	0	19
		Taiwan	125	4.81	3.96	13	0	13
	Regional	US	29	.62	.97	4	0	4
		Taiwan	31	1.19	1.60	6	0	6
	Global	US	5	.11	.38	2	0	2
		Taiwan	7	.27	1.19	6	0	6

**Table 6: Means for Thought Units by Country**

	Plan	Assessment	Total
US			
<i>M</i>	5.66	12.51	18.17
<i>sd</i>	5.28	8.03	10.08
Taiwan			
<i>M</i>	6.27	10.73	17.00
<i>sd</i>	5.67	6.43	9.74
Total			
<i>M</i>	5.88	11.88	17.75
<i>sd</i>	5.39	7.50	9.90

**Table 7: Means for Country by Type of On-line Plans**

	Instrumental	Relational	Identity	Total
US				
<i>M</i>	4.92	.47	.26	5.64
<i>sd</i>	4.80	.80	.61	5.27
Taiwan				
<i>M</i>	5.58	.62	.08	6.27
<i>sd</i>	4.93	1.06	.39	5.68
Total				
<i>M</i>	5.15	.52	.19	5.86
<i>sd</i>	4.82	.90	.54	5.41

Type of On-Line Plans. A 2 (country) X 3 (planning type) ANOVA with repeated measures on the second factor reveals a main effect for the type of on-line planning used,  $F[2,142] = 72.33, p < .0001, \eta^2 = .50$  (see Table 7). There is no main effect for country,  $F[1,71] = .23, n.s.$  Further, no interaction is evidenced,  $F[2,142] = .41, n.s.$  Thus, there is no difference in the type of on-line plans prepared during negotiation, which is consistent with hypothesis five.

Locus of On-line Plans. The 2 (country) X 3 (locus of planning) ANOVA with repeated measures on the second factor shows a main effect for the locus, with subjects from both cultures planning with local focus,  $F[2,142] = 66.62, p < .0001, \eta^2 = .48$  (see Table 8). Interestingly, few regionally and fewer globally focused goals are planned for during the negotiation. No main effect was found for country,  $F[1,71] = .24, n.s.$  That is, subjects from both cultures recalled approximately the same amount of on-line plans from the negotiation. Also, no country by locus interaction is evidenced,  $F[2,142] = .29, n.s.$  These results are consistent with hypothesis five.

Thus, hypothesis five is supported. Taiwanese and US subjects show no significant differences in their on-line planning during negotiation. Both cultures prepared mostly instrumental plans and local plans during the negotiation.

**Table 8: Means for Country by Locus of On-Line Plans**

	Local	Regional	Global	Total
US				
<i>M</i>	4.89	.62	.11	5.62
<i>sd</i>	4.78	.97	.38	5.26
Taiwan				
<i>M</i>	4.81	1.19	.27	6.27
<i>sd</i>	3.96	1.60	1.19	5.67
Total				
<i>M</i>	4.86	.82	.16	5.85
<i>sd</i>	4.48	1.25	.76	5.41

Types of Assessments. To provide further insight into mental processes during the negotiation, each assessment was

coded for being self oriented, other oriented, concerned with the joint relationship of the negotiators, or for assessing the negotiation as a whole. A 2 (country) X 4 (type of assessment) ANOVA with repeated measures on the second factor was conducted to test whether differences exist in the types of assessments made by subjects from both cultures (see Table 9).

**Table 9: Means for Country by Type of Assessment**

	Self	Other	Joint	Negot.	Total
US					
<i>M</i>	5.21	4.55	1.34	1.34	12.45
<i>sd</i>	4.63	4.30	1.34	1.39	8.04
<i>contrasts</i>	+2	+1	-1	-1	
Taiwan					
<i>M</i>	3.54	4.54	1.46	1.04	10.58
<i>sd</i>	3.54	3.05	1.86	1.00	6.45
<i>contrasts</i>	0	+1	-1	-1	
Total					
<i>M</i>	4.62	4.55	1.38	1.23	11.78
<i>sd</i>	4.43	3.88	1.53	1.26	7.52

The results from the ANOVA show a main effect for the type of assessment made,  $F[3,213] = 27.67$ ,  $p < .0001$ ,  $\eta^2 = .28$ . Both cultures assessed self and other significantly more than the joint relationship or the negotiation. No main effect was found for country,  $F[1,71] = 1.04$ , n.s. Also, no significant interaction for country by type of assessment is evident in the ANOVA,  $F[3,213] = 1.40$ , n.s.

Examination of the means, however, suggests that there is an interaction between country and the type of assessments made. The interaction occurs among only four of

the eight cells and does not fit the normal diagonal pattern that can be detected by an ANOVA. Thus, a post hoc trend analysis was conducted to test specifically for the interaction by fitting contrasts to the cells according to the expected interaction. The trend analysis shows that there are significant differences between the cells,  $F[3,213] = 37.98, p < .0001, \eta^2 = .38$  (see Table 10 for contrasts).

The trend analysis demonstrates that US subjects make significantly more self assessments than Taiwanese subjects. It also shows that Taiwanese make significantly more assessments about others than they make about themselves, with US and Taiwanese subjects making approximately the same amount of other assessments. Joint and negotiation assessments continue to be significantly less, with US and Taiwanese subjects making equal amounts of both types of assessment.

#### Additional Information

Pre-negotiation Estimates and Final Outcomes. Overall, there was little difference between the two cultures in the types of quantity and monetary estimates made prior to the negotiation. Table 10 provides means, standard deviations, and significance tests to compare the estimates made by buyers and sellers from the United States and Taiwan. The primary difference is found in the desired warranty. Both American and Taiwanese sellers are willing to split the

warranty with the buyer. American buyers were also willing to split the warranty. But Taiwanese buyers demonstrate a strong expectation that the distributor should accept responsibility for the warranty. This is despite the fact that both Taiwanese buyers and sellers prefer the VCR which requires that warranty be covered by an agreement between the buyer and seller.

The other significant difference between the two cultures was in the seller's estimations for the price of dryers. This is the only substantial price difference among the products, however, and is not evident in price differences among any other products. Thus, the difference in the price for dryers seems to have no particular importance for providing further information about differences between the two cultures which are pertinent to this study.

17 of the 25 US dyads came to an agreement within the thirty minute time limit. In comparison, only 10 of the 17 Taiwanese dyads reached an agreement, despite negotiating in their own language. Overall, for dyads which reached an agreement, there was no difference in the outcomes between the two cultures, as illustrated in Table 11. In fact, close examination of the means for individual products and the final contract reveals very similar agreements between the two cultures.

Quality of Plans. Prior to the negotiation, subjects were asked to evaluate the offers which they had proposed on the pre-negotiation worksheet using five-point semantic differentials of realistic-unrealistic and reasonable-unreasonable. No difference was found between the cultures in the evaluation of their offers. Both cultures rated their offers as moderately reasonable and realistic (reasonable:  $M = 1.87$ ,  $r = -.10$ ; realistic:  $M = 1.96$ ,  $r = -.14$ ). Similarly, no difference was found between the two cultures in their rating the likelihood that their offers would be accepted ( $r = -.13$ ). Both US and Taiwanese subjects gave modest confidence in their offers ( $M = 2.77$ ).

After the negotiation, subjects were asked to rate the adequacy of their pre-negotiation plans and how closely they followed the pre-negotiation plans they made during the negotiation. No difference was found between the two cultures regarding how closely they followed their plans ( $r = .01$ ). There was, however, a difference in the ratings that subjects from both cultures gave for the adequacy of their pre-negotiation plans after the negotiation was finished. US subjects rated their plans more inadequate than Taiwanese subjects rated their own plans ( $r = .34$ ,  $p < .01$ ). It is likely, however, that since US subjects prepared pre-negotiation plans which are more local or specific, there is more basis for comparison regarding the adequacy of the plan. In other words, specific actions are

**TABLE 10: Means and T-tests for Proposed Offers**

		US	Taiwan	t
# of washers				
Buyer	M	50.71	57.19	.93
	sd	57.19	12.91	
		-----	-----	-----
Seller	M	29.35	33.21	.48
	sd	21.93	24.22	
\$ for washers				
Buyer	M	366.33	368.82	.15
	sd	46.52	52.90	
		-----	-----	-----
Seller	M	394.25	384.69	1.12
	sd	28.20	21.64	
# of dryers				
Buyer	M	50.90	54.06	.45
	sd	24.34	15.41	
		-----	-----	-----
Seller	M	29.60	27.69	.24
	sd	22.09	22.23	
\$ for dryers				
Buyer	M	277.05	287.65	.87
	sd	36.98	37.84	
		-----	-----	-----
Seller	M	311.15	276.87	3.02*
	sd	42.51	12.57	
# video cams				
Buyer	M	21.52	22.00	.14
	sd	8.70	11.55	
		-----	-----	-----
Seller	M	11.55	16.92	.89
	sd	12.24	22.41	
\$ video cams				
Buyer	M	1047.52	1035.31	.28
	sd	137.21	127.72	
		-----	-----	-----
Seller	M	1052.85	1458.67	.76
	sd	204.15	111.48	
# of VCR's				
Buyer	M	38.57	39.00	.12
	sd	11.31	9.10	
		-----	-----	-----
Seller	M	16.10	16.36	.07
	sd	11.33	10.17	



**Table 10**  
**(cont'd)**

\$ of VCR's				
Buyer	<i>M</i>	271.81	279.56	.55
	<i>sd</i>	42.19	42.44	
		-----	-----	-----
Seller	<i>M</i>	290.85	290.00	.07
	<i>sd</i>	41.49	27.97	
Type of VCR (1=A, 2=B)				
Buyer	<i>M</i>	1.10	1.13	.28
	<i>sd</i>	.30	.34	
		-----	-----	-----
Seller	<i>M</i>	1.19	1.00	1.76
	<i>sd</i>	.40	.00	
VCR Warranty				
Buyer	<i>M</i>	5.48	.75	3.70*
	<i>sd</i>	.75	1.50	
		-----	-----	-----
Seller	<i>M</i>	5.30	5.36	.06
	<i>sd</i>	2.60	3.04	
Advertising				
Buyer	<i>M</i>	7690.48	7870.59	.28
	<i>sd</i>	1913.61	2022.61	
		-----	-----	-----
Seller	<i>M</i>	8921.43	8866.67	.05
	<i>sd</i>	3435.79	2489.02	

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\*  $p < .01$

**TABLE 11: Means and T-tests for Final Contracts**

	US	Taiwan	t*
# of washers			
<i>M</i>	50.75	60.71	1.49
<i>sd</i>	22.12	14.79	
\$ of washers			
<i>M</i>	373.17	377.85	.52
<i>sd</i>	27.53	23.17	
# of dryers			
<i>M</i>	50.58	57.14	.93
<i>sd</i>	57.14	18.05	
\$ of dryers			
<i>M</i>	297.28	281.69	1.47
<i>sd</i>	36.05	17.95	
# video cameras			
<i>M</i>	9.67	9.75	.02
<i>sd</i>	9.24	7.09	
\$ video cameras			
<i>M</i>	1260.56	1218.75	.54
<i>sd</i>	204.90	113.82	
# of VCR's			
<i>M</i>	41.33	43.25	.25
<i>sd</i>	22.33	19.32	
\$ of VCR's			
<i>M</i>	288.67	286.23	.27
<i>sd</i>	22.94	23.13	
VCR Warranty			.57
<i>M</i>	5.57	5.18	
<i>sd</i>	2.19	.98	
Type of VCR (1=A, 2=B)			
<i>M</i>	1.14	1.00	1.34
<i>sd</i>	.35	.00	
Advertising			
<i>M</i>	8805.00	8812.50	.01
<i>sd</i>	3185.60	2069.12	
Total Contract			
<i>M</i>	62335.95	70804.44	1.17
<i>sd</i>	18789.74	16159.95	

\* None of the t-values are significant at  $p < .05$ .

more easily shown wrong than general actions. US subjects are more likely to recognize that their plan of action was insufficient to address the actual obstacles which were encountered. In contrast, general plans may be more likely to be rated as adequate because they are not as likely to be wrong.

No differences were found between the two cultures regarding their rating of plans for the future. Both countries rated their plans as somewhat specific. Possibly, however, this measure is unclear because what is considered to be a specific plan may differ between the two cultures. In other words, what Taiwanese believe to be a specific plan may differ from what Americans believe to be a specific plan.

The only significant difference found between the two cultures on questions about future plans was in their expectation for their government's plans for the next five years. US subjects said that the government should have significantly more vague plans over the next five years than Taiwanese ( $r = .68, p < .001$ ). Once again, this is consistent with the short range perspective of Americans compared to Taiwanese. If Americans are more concerned about short range adjustments, then a vague long range plan is better because it is not as binding. In contrast, if Taiwanese are more long range in their perspective, a more

specific long term plan should be better, leaving the short range steps to achieve the long range plan more ambiguous.

The data suggest that there are differences in the way persons from the US and Taiwan plan for negotiation in their long and short range perspectives. There are no differences between the two cultures in their focus on relational plans. Furthermore, the two cultures do not differ in the type of planning that they do during the negotiation. Overall, Taiwanese subjects evidenced longer range perspectives than US subjects in the construction of plans prior to negotiation. Conversely, US subjects evidenced a shorter range perspective than Taiwanese subjects in the plans they made prior to negotiating. The implications for these results are discussed in the following chapter.

## CHAPTER SIX: DISCUSSION AND IMPLICATIONS

Apparently, Chinese see life as a flowing stream and we [Americans] see it as a string of incidents, much like a string of beads. We finger one, finish with it, and want to have it tidily counted off so we can go on to the next; they see every incident...as simultaneously blending into each other before and after, and so nothing ever ends (Macleod, 1988, p. 73).

This chapter first answers the research questions proposed in chapter three based on the results provided in chapter five. Next, limitations of the study are addressed. And finally, implications of this study's results and directions for further research are provided.

### Addressing the Research Questions

The three research questions proposed earlier in chapter three are as follows:

RQ1: Are purported differences in the reasoning process across US and Taiwanese cultures evidenced in the types of negotiation plans developed prior to the negotiation?

RQ2: Do differences in cultures affect the goals which are pursued?

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RQ3: Are there differences in on-line planning during negotiation between Americans and Taiwanese cultures?

Research Question 1. The differences between Eastern and Western thinking processes are indeed evidenced in the types of pre-negotiation plans developed across US and Taiwanese cultures. Hypotheses 2 and 3 both propose specific differences in the reasoning process which affect the formation of plans prior to negotiating. The data demonstrates that there are differences in the thinking process between the two cultures. Specifically, Taiwanese subjects prepare longer range plans than US subjects and, conversely, US subjects prepare plans which have primarily a short range focus.

Research Question 2. Cultural differences between US and Taiwanese subjects do affect the goals which are pursued in negotiation. Once again, hypotheses 2 and 3 suggest that US subjects pursue short term goals while Taiwanese subjects pursue longer range goals. No differences, however, were found to provide any support for the individualism/collectivism dimension as an influence on the types of pre-negotiation plans made by persons from the two cultures. Hypothesis 1, which predicted differences based on this dimension, was not supported. Instead, both Taiwanese and US subjects focused primarily on instrumental issues in their pre-negotiation plans. Persons gave approximately the same amount of attention to relational and identity goals

across the two cultures. In addition, while the length and breadth of the plans were the same across the two cultures, Americans included more contingencies. These data provided mixed results for hypothesis 4.

Overall, the results suggest that prior to the negotiation, Americans provide shorter range and specific steps to achieve their goals, with more concern for contingencies. In contrast, Taiwanese provide more combined emphasis on local, regional, and global plans which focus primarily on gaining product and profit, or instrumental goals. Taiwanese do not, however, emphasize relational goals more than Americans.

Research Question 3. Despite differences in the types of plans prepared prior to the negotiation, no differences were found between US and Taiwanese subjects in their planning during the negotiation, as predicted by hypothesis 5. Both US and Taiwanese persons prepared primarily local and instrumental plans during the negotiation.

Thus, the answer to research questions one and two is **Yes**--differences are evident between US and Taiwanese cultures in the way they plan and the types of goals they pursue. The answer to research question three, however, is **No**--Taiwanese and Americans do not differ in the plans which they prepare during the negotiation. Before discussing the implications and directions for future research based on



this study, some limitations of the study must first be addressed.

#### Limitations of the Study

There are four primary limitations of this study that need to be addressed: 1) the pool of Taiwanese subjects, 2) the single bargaining situation, 3) the simulated negotiation, and 4) ethnicity of participants.

The Pool of Subjects. The Taiwanese subjects were all students in the United States. While the average time of their stay in the US was between one and two years, this is still sufficient time for most students to adapt substantially to the host culture. There is little doubt that this adaptation has an impact on the results of this study.

To counter this problem, every effort was made to encourage the subjects to think in their own language and cultural norms. Despite the effect of acculturation, however, the results demonstrate that differences exist, even though the Taiwanese should be more "westernized" than persons who are still in Taiwan. Thus, it is expected that the results would provide even stronger evidence of differences if comparing US subjects with Taiwanese subjects in Taiwan.

Single Bargaining Situation. Certainly negotiation is much broader than buying and selling appliances. Even for actual distributors and appliance outlets, the issues

involved in negotiation are much broader. Furthermore, history of previous negotiations and the realistic possibility of future negotiations being at stake can have a further impact on how a bargaining session is managed. This study does not get at many of these issues, nor does it address possible issues related to political and social negotiations, such as town meetings and international peace talks. At most, this study suggests what could be evident in these various situations. This simulation attempts to provide the possibility of future negotiations, but the subjects are realistically only involved in a single role play. Nevertheless, even though a single economic session is used, Taiwanese still evidence greater concern for both global and regional issues than Americans. Yet these limitations should be addressed further by examining series of ongoing negotiations between two parties across a variety of contexts.

Simulated Negotiation. This study is further limited by the simulation of a negotiation between non-professional negotiators. Certainly experienced negotiators are likely to have schemas for handling negotiating situations which may affect the plans which they prepare. Yet, this study is aimed primarily at uncovering cultural differences in the thinking processes which result in the preparation of different types of plans and planning. Previously, there has been no intercultural planning literature. Furthermore,

purported differences have been based on ethnographic observations, without empirical support for such differences. Thus, the results of this study, albeit limited, are still valuable for understanding differences which may affect negotiation between intercultural parties from the United States and Taiwan.

Ethnicity. This study examines differences between Taiwan and the United States. In chapter one, culture was defined for this study as determined by national boundaries. This is not to suggest that there are not differences within these national boundaries. Yet, once again, emphasis in this study is on the viewpoint of international negotiators who do not differentiate between Hakke Taiwanese from Taijung versus Han Chinese from Taipei. To an American negotiator doing business in Taiwan, all counterparts from Taiwan are either Taiwanese or, more generally, Chinese. Despite this broader definition of culture, it is recognized that, as with any empirical study, individual and ethnic differences do exist.

#### Implications for Negotiation

Despite any limitations of this study, Taiwanese and Americans differed in the plans which they prepared while taking part in the simulated buyer-seller negotiations. In the pre-negotiation plans, Americans demonstrated a short term perspective towards the goals they pursued. Conversely, Taiwanese took a longer perspective towards

plans made prior to the negotiation, with more emphasis on regional and global plans than US subjects gave to these types of plans.

MacLeod (1988) describes some of the positive and negative implications that this difference in long and short range perspectives can have on negotiations. The long range view, he says,

contributes to the lengthy decision-making process, which can be either good or bad: it results in better decisions, but often too late for the Westerner. It draws out negotiations, as the Chinese try to find as many of the endless possibilities as they can. It can make a Westerner feel that they are "stringing him along"; on the other hand, it can support apparently inexhaustible patience when things go badly or take a long time to get going properly (p. 73).

One of the differences MacLeod (1988) says explains the differences in long and short range thinking is that Chinese, or Taiwanese, think in already established and ongoing patterns of thoughts and relationships. Westerners, he says, assume there is a cause and effect relationship. This leads Westerner's to focus on transactions in the negotiation, while Taiwanese focus on the pattern of the overall negotiation. More specifically, as the data of this study suggests, Taiwanese focus on the pattern which leads to the long term goal, rather than on the specific short

term transactions. This difference in long versus short term thinking and what is viewed as important in the negotiation can lead to misunderstandings between the two cultures (Moran & Stripp, 1991; Pye, 1982; Solomon, 1987). Uncovering how these differences emerge in interaction can provide insight for explaining miscommunication in intercultural encounters.

Casse and Deol (1985) present another perspective on the implications for apparent differences in the preparation of plans. These researchers compare Eastern and Western views of ambiguity in negotiation. Ambiguity, they point out, exists in all negotiations. But for Western negotiators, who favor short term perspectives on the negotiation, ambiguity often leads to tension and frustration, and can eventually lead to withdrawal or aggression on the part of the negotiator. In contrast, negotiators from the East, whose plans purposely allow ambiguity within the bargaining session, respond to ambiguity with flexibility and creativity. Ambiguity for Eastern negotiators allows for exploration of ideas and accommodation to the other party. These are valuable perspectives which Western negotiators could learn from the East.

Conversely, Roloff and Jordan (1992) point out that negotiators who leave their planning for during the bargaining session often suffer from more severe time

constraints. This results in having to respond quickly under pressure to the other party and may result in lower resistance and target points. The Taiwanese evidenced general preparation before the negotiation, leaving more specific issues to be managed during the negotiation. Whether this is a potential hindrance to their performance during negotiation in intercultural encounters where the other party is carefully prepared for specific issues merits further investigation in future research.

#### Directions for Future Communication Research

Culture as Shared Values vs. Culture in Context. The results of this study are presented from a culture as shared values approach to negotiation. Thus, the conclusions suggest that Taiwanese plan with a long range perspective of the negotiation while Americans plan with a short range perspective. These results provide valuable insight into differences which may indeed have an impact on intercultural negotiations.

Yet to end further investigation into cultural differences in planning for negotiation would likely leave many realities of the planning processes undiscovered. Thus, further research should take a culture in context perspective on intercultural planning. That is, how does the context of two parties from different cultures negotiating appliances or international policies affect the construction of plans prior to and during negotiation?

In particular, one primary question which needs to be addressed is whether persons adjust their plans when they anticipate negotiation with an opponent from a different culture. Another question is whether knowledge of cultural differences in plans and planning has an accommodation effect on a negotiator's plan construction. In other words, does a negotiator adjust his/her plan based on knowledge that the opponents plan is long or short range, local or global? Examining intercultural plans from a contextual perspective will help to broaden understanding of how plans are constructed and executed.

Studying Interaction. Negotiation is accomplished through more than an exchange of offers and counteroffers, and thoroughly prepared plans will not necessarily achieve desired outcomes. Bargaining is dependent on how negotiators can articulate, adjust, and achieve their plans through interaction (Donohue, 1990; Putnam & Geist, 1985). Further research in both intra- and intercultural planning needs to examine the messages and tactics used to accomplish plans during negotiation. To what extent do pre-negotiation plans influence the interaction and how are the plans expressed (Hjelmquist, 1990)? Further, although no difference was found in the planning during the negotiation between the two cultures, are there cultural differences in the way the plans made during the negotiation are executed?

From an *intracultural* perspective, these questions can provide understanding of tactics and strategies used to achieve various goals in different cultures. From an *intercultural* perspective, examining how plans are expressed in and influence interaction can provide insight into possible miscommunication which may result from differences in goals and tactics used to accomplish those goals. For example, do American attempts to accomplish short term goals lead to miscommunication when negotiating with Taiwanese who view the negotiation from a long term perspective? Is there accommodation of messages used to accomplish goals when negotiators are from different cultures? If so, do negotiators accommodate to messages only or to the type of plans of the other party?

This study should serve to initiate the challenge to current understanding about plans and planning. Specifically, this study points to differences in the way persons from different cultures plan for negotiation. Hopefully, these results will broaden our understanding of differences which intercultural negotiators may bring to the bargaining table and encourage future research which will provide greater insight into the complexities of intercultural negotiation.



APPENDIX A

BUYER/SELLER INSTRUCTIONS

## APPENDIX A

### BUYER/SELLER INSTRUCTIONS

#### BUYER

You are **Pat Petersen**. You are the buyer for Allied Appliances, a privately owned and operated appliance store. As buyer, your primary responsibilities are to purchase appliances from the wholesale appliance distributor to meet the needs of your store and to buy advertising space to move the stock. You have worked for Allied Appliances for five years now. Overall, you have used good judgment in deciding what is best for the store when buying. Consequently, the owner of the store leaves the final purchasing decisions up to you.

The person you are about to meet is **Terry Thomas**, a representative from **Moore Distributors**. Moore Distributors is supplier to many of the regional appliance stores and also owns several retail outlet stores.

Today there are four items to be discussed: washers, dryers, VCR's, and a new and very popular video camera. You want to buy the products from the distributor at a price that will allow Allied Appliances to make a profit when the products are sold to the customers. **The retail price--the price that the store can sell the product to its customers--is given for each product. To earn a profit, you must buy the products from Moore for less than the retail price. If you purchase the product for more than the retail price, Allied will lose money.**

Washers and dryers: A large industrial company has already offered to buy 50 sets--washer and dryer together--from Allied Appliances, so you know you could move at least 50 of each right away. You may be able to sell a few additional sets as well. But you're not sure that Moore Distributors can or will supply such a large quantity of both washers and dryers. You usually buy only about 10 of each at a time. In addition, it is generally difficult to sell either the washers or dryers separately--you really

need to buy them in sets or not at all. The retail price--the highest price that Allied Appliances can sell the washers to customers--is \$450. The retail price for the dryers is \$350.

Video Cameras: The newest video camera is a fundamental breakthrough in video cameras--it's much smaller than any of the others and has a unique screen. It is in high demand. Allied Appliances has been unable to keep them in stock. Whenever you get some more into the store, they sell immediately! Usually you are able to get a discount from the distributor for buying more than 10 cameras at a time. Because of the demand, you need at least 10 and you know you could sell even more. The retail price--the highest price that Allied can sell these cameras to customers--is \$1250.

VCR's: Currently, Moore Distributors carries VCR's from two manufacturers. They are called VCR-A and VCR-B. Allied Appliances wants to carry only one line of VCR's, not both. The VCR that you choose now will be the line that Allied will carry for the next year. You can usually sell about 35 VCR's each year to customers.

VCR-A is manufactured by a company that has a reputation for high quality products. This VCR comes with a 3-year full warranty, which is unique in the VCR industry. However, the manufacturer insists that the distributor and the retail store together cover the costs for 10% of all the repairs covered by the warranty. The manufacturer requires a written agreement of how this 10% coverage will be split between the retailer and the distributor. If you choose this VCR, you will have to negotiate an agreement with Moore about how you will split the 10% warranty coverage.

VCR-B has the same basic features as VCR-A and is available to the customer for the same price as VCR-A. This VCR comes with a standard 90-day warranty that is fully covered by the manufacturer. VCR-B is likely to result in a greater number of customers coming back in two to three years with broken VCR's. The cost of lost customers and administrative time dealing with dissatisfied customers is likely to be slightly more than covering 10% of the warranty costs on VCR-A.

The retail price--the highest price that you can sell either VCR-A or VCR-B to your customers--is \$350. In addition, if you choose VCR-A, you need to reach an agreement on the 10% warranty costs.

Advertising: As buyer, you are also in charge of purchasing advertising for Allied Appliances. You have \$15,000 in your budget to spend on advertising for the next

twelve months. Moore Distributor's, on the other hand, owns several retail outlets and is about to put on a very large promotional sales campaign for Moore's outlets. You've heard that for a fee, it may be possible for Allied Appliances to be included in the campaign. You are afraid, however, that Moore might charge as much as \$10,000 to be added to the campaign. This would leave you no money for other advertising during the year. It's at least worth asking about.

SELLER

You are **Terry Thomas**. You are a sales representative for Moore Distributors, a large company which supplies appliances to both privately owned and chain retail stores. Moore Distributors also owns a number of retail stores.

As sales representative, your primary responsibilities are to supply stock to local retail outlets and to try to move overstock from Moore's warehouse by getting retail stores to take it. It is also up to you to work out the terms of any agreements with the retail store. In the past, you have used good judgment in reaching agreements that are profitable for Moore Distributors.

The person you are about to meet is **Pat Petersen**, the buyer from a small, privately owned and operated appliance store called **Allied Appliances**.

Today there are four items to discuss: washers, dryers, VCR's, and a new and very popular video camera. You want to sell the products to the retail store so that Moore Distributors can make a profit. **The wholesale price--the price that Moore paid to the manufacturer--is given for each product. To earn a profit, you must sell the products to Allied for more than the wholesale cost. If you accept less than the wholesale cost, Moore loses money.**

Washers and dryers: The manufacturer of the washers and dryers has just shipped 75 washers and 75 dryers to Moore. The more you can sell to Allied Appliances the better profit you can make because you could get the washers and dryers out of your warehouse right away. Based on past experience, however, Allied usually only purchases about 10 of each at a time. Ideally, you'd like to sell all 75 sets--washer and dryer together. The wholesale price--the price that Moore paid to the manufacturer--was \$350 for the washers. The wholesale price for the dryers was \$250.

Video Cameras: The newest video camera is a fundamental breakthrough in video cameras--it's much smaller than any of the others and has a unique screen. It is in high demand. All of the local retail outlets are begging for these cameras. Consequently, Moore Distributors is having trouble keeping the cameras available. Usually you offer a discount to stores buying 10 or more video cameras, but due to the high demand by all the stores you cannot offer this discount. In fact, the manufacturer has been raising its wholesale price based on the quantity of cameras purchased by the outlets. Therefore, up to 5 cameras, the wholesale price--the price that Moore paid to the manufacturer--was \$1200. The wholesale price for 6 to 9 cameras was \$1300.

And the wholesale price for 10 or more cameras jumps to \$1400.

VCR's: Currently, Moore Distributors carries VCR's from two manufacturer's. They are called VCR-A and VCR-B. But Moore would like to work with only one manufacturer, not both. The VCR line that you sell to Allied Appliances will likely be the line that Moore carries for the next year. You can supply as many of either VCR as Allied needs.

VCR-A is manufactured by a company that has a reputation for high quality products. This VCR comes with a 3-year full warranty, which is unique in the VCR industry. However, the manufacturer insists that the distributor and the retail store together cover the costs for 10% of all the repairs covered by the warranty. The manufacturer requires a written agreement of how this 10% coverage will be split between the retailer and the distributor. If you choose this VCR, you will have to negotiate an agreement with Allied, and other retail stores in the future, about how the 10% warranty coverage will be split.

VCR-B has the same basic features as VCR-A and is available to the customer for the same price as VCR-A. This VCR comes with a standard 90-day warranty that is fully covered by the manufacturer. In two to three years, VCR-B is likely to result in a greater number of complaints by retail outlets because of customers coming back with broken VCR's. The cost of lost VCR business in the future and administrative time of returning VCR's to the manufacturer is likely to be slightly more than covering 10% of the warranty costs on VCR-A.

The wholesale price--the price Moore paid to the manufacturer--was \$250 for both VCR-A and VCR-B. If you choose VCR-A, you need to reach an agreement of how to split the 10% warranty costs.

Advertising: In addition to supplying appliances, Moore Distributors owns several of its own retail appliance stores. Each of the stores that Moore owns pays an annual fee of \$20,000 dollars that goes towards advertising costs. Approximately half of the annual advertising fee goes to a large ad campaign that Moore puts on once a year. Investment into this campaign generally results in substantial profits for each of the stores. Moore is preparing for this year's ad campaign. It should be a very successful campaign, bringing in a good profit for all the stores. You've heard that Allied Appliance is interested in being included in this year's ad campaign. Moore has never included a store outside of Moore's ownership in the advertising campaigns before, yet there's nothing that says

this can't be done. But if a store wanted to be included it would have to pay at least \$10,000 towards the advertising. Managers of the stores owned by Moore would be furious if another store were to be included without paying the amount for advertising that they did.

**APPENDIX B**

**PRE-NEGOTIATION WORKSHEET**



APPENDIX B

PRE-NEGOTIATION WORKSHEET

BUYER				
PRODUCT	RETAIL PRICE	OFFER # at \$	ANTICIPATED PROFIT PER ITEM	PROFIT TOTAL
Washer	\$ 450	_____ at \$ _____	\$ _____	\$ _____
Dryer	\$ 350	_____ at \$ _____	\$ _____	\$ _____
Video camera	\$ 1,250	_____ at \$ _____	\$ _____	\$ _____
VCR A or B	\$ 350	_____ at \$ _____	\$ _____	\$ _____
Advertising	\$15,000 ANNUAL BUDGET	Offer: \$ _____		

1. WASHER: (Retail price: \$450)

A. What do you think would be a fair settlement for this item?

# \_\_\_\_\_ at \$ \_\_\_\_\_

B. What is the maximum amount you are willing to pay?

\$ \_\_\_\_\_ for each washer

2. DRYER: (Retail price: \$350)

A. What do you think would be a fair settlement for this item?

# \_\_\_\_\_ at \$ \_\_\_\_\_

B. What is the maximum amount you are willing to pay?

\$ \_\_\_\_\_ for each dryer

3. VIDEO CAMERAS: (Retail price: \$1250)

A. What do you think would be a fair settlement for this item?

# \_\_\_\_\_ at \$ \_\_\_\_\_

B. What is the maximum amount you are willing to pay?

\$ \_\_\_\_\_ for each video camera

4. VCR's (Retail price: \$350)

A. What do you think would be a fair settlement for this item?

# \_\_\_\_\_ at \$ \_\_\_\_\_

If applicable, what is a fair split of the 10% warranty? \_\_\_\_\_

B. What is the maximum amount you are willing to pay?

\$ \_\_\_\_\_ for each VCR

What is the maximum amount of the 10% that you are willing to pay? \_\_\_\_\_

C. I would prefer to buy VCR ( **A** **B** ) **because:**

5. Advertising: (Annual budget of \$15,000)

A. What do you think would be a fair amount to pay to be added to the ad campaign?

\$ \_\_\_\_\_

B. What is the maximum amount you are willing to pay?

\$ \_\_\_\_\_ to be added to the ad campaign

6. Overall Profit:

A. What would be a reasonable overall profit to achieve through this negotiation?

\$ \_\_\_\_\_

B. What is the minimum profit that you would be willing to make by the end of the negotiation?

\$ \_\_\_\_\_

7. Anticipated Relationship:

A. What is your goal for the relationship between you and the other company when the negotiation is over?

8. How do you evaluate the offers you proposed on this worksheet?

reasonable	---	---	---	---	---	unreasonable
realistic	---	---	---	---	---	unrealistic

9. How likely is it that your proposed offers will be accepted?

definitely --- --- --- --- --- definitely not

10. Write out (in clear, legible English) your anticipated strategy for the negotiation.

SELLER

PRODUCT	WHOLESALE PRICE	OFFER # at \$	ANTICIPATED PROFIT PER ITEM	TOTAL
Washer	\$ 350	_____ at \$ _____	\$ _____	\$ _____
Dryer	\$ 250	_____ at \$ _____	\$ _____	\$ _____
Video camera	\$ 1,200 each for 1 to 5 \$ 1,300 each for 6 to 9 \$ 1,400 each for 10 or more	_____ at \$ _____	\$ _____	\$ _____
VCR A or B	\$ 250	_____ at \$ _____	\$ _____	\$ _____
Advertising	\$10,000 for campaign costs		Offer: \$ _____	

-----  
 1. WASHER: (Wholesale price: \$350)

A. What do you think would be a fair settlement for this item?

# \_\_\_\_\_ at \$ \_\_\_\_\_

B. What is the minimum amount you are willing to accept?

\$ \_\_\_\_\_ for each washer

2. DRYER: (Wholesale price: \$250)

A. What do you think would be a fair settlement for this item?

# \_\_\_\_\_ at \$ \_\_\_\_\_

B. What is the minimum amount you are willing to accept?

\$ \_\_\_\_\_ for each dryer

3. VIDEO CAMERAS: (Wholesale price: \$1200 for 1-5;  
 \$1300 for 6-9; \$1400 for 10 or more)

A. What do you think would be a fair settlement for this item?

# \_\_\_\_\_ at \$ \_\_\_\_\_

B. What is the minimum amount you are willing to accept?

\$ \_\_\_\_\_ for each video camera

4. VCR's (Wholesale price: \$250)

A. What do you think would be a fair settlement for this item?

# \_\_\_\_\_ at \$ \_\_\_\_\_

If applicable, what is a fair split of the 10% warranty? \_\_\_\_\_

B. What is the minimum amount you are willing to accept?

\$ \_\_\_\_\_ for each VCR

What is the maximum amount of the 10% that you are willing to pay? \_\_\_\_\_

C. I would prefer to buy VCR ( A B ) because:

5. Advertising: (Cost to other stores for ad campaign: \$10,000)

A. What do you think would be a fair amount to require from Allied to be added to the ad campaign?

\$ \_\_\_\_\_

B. What is the minimum amount you are willing to accept?

\$ \_\_\_\_\_ to be added to the ad campaign

6. Overall Profit:

A. What would be a reasonable overall profit to achieve through this negotiation?

\$ \_\_\_\_\_

B. What is the minimum profit that you would be willing to make by the end of the negotiation?

\$ \_\_\_\_\_

7. What is your goal for the relationship between you and the other company when the negotiation is over?

8. How do you evaluate the offers you proposed on this worksheet?

reasonable	---	---	---	---	---	unreasonable
realistic	---	---	---	---	---	unrealistic

9. How likely is it that your proposed offers will be accepted?

definitely	---	---	---	---	---	definitely not
------------	-----	-----	-----	-----	-----	----------------

10. Write out (in clear, legible English) your anticipated strategy for the negotiation.

APPENDIX C

FINAL CONTRACT

APPENDIX C

FINAL CONTRACT

Washers # \_\_\_\_\_ at \$ \_\_\_\_\_ Total \$ \_\_\_\_\_  
Dryers # \_\_\_\_\_ at \$ \_\_\_\_\_ Total \$ \_\_\_\_\_  
Video Cameras # \_\_\_\_\_ at \$ \_\_\_\_\_ Total \$ \_\_\_\_\_

VCR's: Circle one: A B  
# \_\_\_\_\_ at \$ \_\_\_\_\_ Total \$ \_\_\_\_\_

If VCR-A is chosen, allocation of 10% warranty costs:

% \_\_\_\_\_ for Moore % \_\_\_\_\_ for Allied

Advertising: Allied Appliances \_\_\_\_\_ not included  
\_\_\_\_\_ included

Fee charged to be included \$ \_\_\_\_\_

TOTAL COST OF CONTRACT \$ \_\_\_\_\_

( \_\_\_\_\_ Check here if no agreement on any of the items  
could be reached.)

Signed: \_\_\_\_\_ Allied Representative

\_\_\_\_\_ Moore Representative



APPENDIX D

POST-NEGOTIATION QUESTIONNAIRE

APPENDIX D

POST-NEGOTIATION QUESTIONNAIRE

1. My goals for where I want to be five years from now are  
Very specific    Somewhat detailed    General idea    Vague    None

2. When thinking about the 93-94 school year, my goals are  
Very specific    Somewhat detailed    General idea    Vague    None

3. The plans I have for my career are  
Very specific    Somewhat detailed    General idea    Vague    None

4. When my home country's government looks ahead to the  
next five years, I think its goals should be  
Very specific    Somewhat detailed    General idea    Vague    None

5. I would give up my own goals if my parents asked me to.  
Definitely    Probably    Maybe    Doubtful    Definitely Not

6. I feel the plans I made prior to the negotiation today  
were:  
Very effective    Adequate    Could be better    Poor    Inadequate

7. How closely did you follow your pre-negotiation plans?  
Exactly    Very closely    Somewhat closely    Not very closely    Not at all

8. How do you think you performed in the negotiation today?

9. How could you have improved the plans you made prior to the negotiation?
10. What did you do well in the negotiation?
11. What do you think you could have done better during the negotiation?
12. Are you pleased with the final outcome of the negotiation? Why or why not?
13. Do you feel you achieved the best deal you possibly could by the end of the negotiation? Why or why not?
14. Level in school:  undergraduate  Masters  
(Check one)  doctorate
15. What is your age: \_\_\_\_\_
16. How much previous experience do you have negotiating?  
None Very little Occasional Frequent Daily
17. What type of negotiating experience do you have?

APPENDIX E

CODING MANUAL FOR PLANS

## APPENDIX E

### CODING MANUAL FOR PLANS

Coding scheme for Plans:

1. Plan length: Determine # of "Action Units." An AU is a sentence or clause that depicts a single action.
2. Categorize each Action Unit for both locus and type of plan. Then determine the frequency that each category is included in a given plan.

<u>TYPE</u>	<u>LOCUS</u>
Identity	Global
Relational	Regional
Instrumental	Local

Definitions of Type and Locus:

Identity - concerned with presentation of self to the other person.

For example: "I want to appear strong"  
"I am going to promote my product, that it's the best available."

Relational - pertains to the joint relationship between the two bargainers and/or their companies.

For example: "By the end, we should be able to continue doing business together."  
"Let him know that we want to reach an agreement that's good for both of us."

Instrumental - goals or tactics which are task-oriented, such as concern for profits or quantity of product.

For example: "Try to get the best price for each item."  
"If I can sell more VCR's, then I'll lower the price."

Local - formulating goals and tactics pertinent to small discourse segments, objectives related to individual acts.

For example: "I want to get \$1250 for the video cameras."  
"Start by finding out their prices first."

Regional - formulating goals and plans for single sessions or encounters.

For example: "By the end, I want to get the best deal for my company."  
"If he'll buy the advertising, then I'll give him a break on the washers and dryers."

Global - pertains to overall negotiations. Focuses on actions which may occur beyond this particular negotiation session. Prior to bargaining each party usually establishes target and resistance points for final settlement of agenda items.

For example: "I want to reach an agreement that will allow us to do business for a long time to come."  
"If we can't reach an agreement, I'll go someplace else to buy the appliances."

3. Plan breadth = Determine # of different CAU's represented in each plan.
4. Plan contingencies = Prior to bargaining each party usually indicates alternative actions if a proposed action fails. Determine # of contingencies included in each plan.

For example: "If he won't can't reach an agreement, I'll go someplace else to buy the appliances."  
"If she won't accept \$1250 for the videocameras, I'll offer \$1225 but no more!"

APPENDIX F

CODING MANUAL FOR STIMULATED RECALL

## APPENDIX F

### CODING MANUAL FOR STIMULATED RECALL

#### Coding Recall: Descriptions

1. Assessment - reflect cognitive activities other than planning.

A. Self - focuses on self

B. Other - focuses on other person

Self and Other may include the following:

1. Personal qualities

2. Knowledge

3. Action performed

4. Offer/position, or

5. Goal achievement--evaluation of the person's progress in achieving instrumental goals (e.g. I can tell it's working, she's starting to talk about my topic). Aimed at monitoring goals, but have no action component themselves.

C. Joint - for example:

1. Agreement - This works out well for both of us.

2. Positions - He wants 20 but I can only provide 10.

3. Relationship - We're getting along quite well.



- D. Negotiation - Generally assessments of the negotiation, for example:
1. Progress - This negotiation is going nowhere.
  2. Profit - It's impossible to make a profit with these prices.
  3. Price - It seems the price list is wrong.

2. Plan units: contains reference to
- a conversational goal
  - an actor
  - an action designed to reach the goal.

**Code each Plan unit for A,B, or C and for D, E, or F.**

Typically indicates that the interactant was "thinking ahead." Implicitly or explicitly conforms to an Actor-Action-Goal structure (that is, I thought about performing X to attain goal Y).

- A. Instrumental - relates to task of acquiring information, achieving profit or quantity
1. Contingency - If he asks for 20 then I will offer 15.
  2. Hindsight - I shouldn't have showed him my price list.
  3. Concessions - Okay, I'll give in and give him 20.
  4. In-process - Should I choose A or B?
  5. Put aside & return - I think we should come back to the cameras.
  6. Abandon - I give up--I don't want any cameras anymore.
  7. Adjustment - I guess I'll need to lower my price.
  8. Determined to pursue - I want those cameras!!
- B. Relational - Plans that serve to advance/maintain the interpersonal relationship with the partner.
- C. Identity - face needs or gain impression-forming data. (No reference to instrumental goals.)

- D. Local - formulating goals and tactics pertinent to small discourse segments, objectives related to individual acts.
- E. Regional - formulating goals and plans for single sessions or encounters.
- F. Global - pertains to overall negotiations. Prior to bargaining each party usually establishes target and resistance points for final settlement of agenda items.

3. Other - Cannot find another category for the unit OR too ambiguous to code, for example:

- A. Observer perspective - describes the image on the video rather than conversational cognition.
- B. Unclassified - fits no other category.

Finally: Count number of plans and assessments. Then count number of each category within plans and assessments (i.e. number of type and number of locus). For each stimulated recall, provide frequencies for each of the following categories:

Assessments: \_\_\_\_\_

Self: \_\_\_\_\_

Other: \_\_\_\_\_

Joint: \_\_\_\_\_

Negotiation: \_\_\_\_\_

Plan: \_\_\_\_\_

Instrumental: \_\_\_\_\_

Relational: \_\_\_\_\_

Identity: \_\_\_\_\_

Global: \_\_\_\_\_

Regional: \_\_\_\_\_

Local: \_\_\_\_\_

Other: \_\_\_\_\_

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