An Empirical Study of Business Negotiation Styles in China

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ABSTRACT

During foreign negotiations, due to differences in negotiation styles between countries, a suggestion deemed logical by one party could be unacceptable to the other party, an action deemed necessary by one party could be deemed unnecessary by the other party. These situations are possible, and in practice they are very normal. Researchers have found that these phenomena are caused by personal factors, psychological factors, as well as economic, political, and cultural differences between different countries and geographical areas. Therefore, we need to understand the different negotiation styles of businessmen from various countries and geographical areas. Only then can we prevent embarrassing situations in negotiations. This research is an empirical study using evidence from Chinese business negotiations.

LITERATURE REVIEW

Definition of Business Negotiation

Today, along with the advancement in technology and the development in transportation, the economic relationships between people are closer, economic communications are more frequent, and the harmonisation of economic interests is also more complicated. Therefore, amongst all types of negotiations in today’s society, business negotiation is increasingly taking centre stage.

―Business‖ has many definitions, one of which is trade. Cheng (1991) notes: “business negotiations are activities in which people discuss and consult with one another to achieve the objective of trade”. Here, “business negotiation” has two layers of meaning. One is “business”, the other is “negotiation”. Adachi (1996) mentions the former establishes the objective of actions and the nature of the content, the latter establishes the process and the method of action. During “business negotiations”, the specific objectives of negotiations and the nature of the content cannot be established without “business”, and the process of business as well as the method of activity cannot be established without “negotiation”. Therefore, as Bangert (1993) states business negotiation can be defined as an activity in which both parties discuss and consult with one another to trade off conditions in order to achieve the objective of trading of commodities.

Characteristics of Business Negotiation

Business negotiation is one of the many types of negotiation. Naturally, it shares the same characteristics of negotiation. For example, behaviours are goal-oriented, objects are mutual, means are harmonised, and important factors such as the negotiators involved, the subject of negotiation, and the background of negotiation are taken into account. However, Barnum (1989) points out business negotiation being a specific style of negotiation of course has its own characteristics and features. Recognising the characteristics and features of business negotiation helps in better grasp of business negotiation.

I. Common

In business negotiations, the negotiation parties involved are normally various types of enterprises. Drake (1994) explains they are economic organisations, government establishments, military departments, scientific research institutions, medical organisations, cultural groups, and various types of schools. In addition, negotiations between authorities on cases on international economic trade and
cooperation are also very common. Lian (1998) also indicates that the various parties and organisations in business negotiations shall include various types of social organisations such as economic, political, and cultural organisations. Organisations in business negotiations are common – this is the characteristic of business negotiation. This characteristic has resulted in business negotiation becoming the most common type of negotiation in which people participate amongst all types of negotiations. Business negotiation is very relevant to people.

II. Trade
Adler (1984) mentions the basic reason for various types of social organisations to engage or participate in business negotiations is due to the trading desires produced by their needs, as well as their trading objectives. Trading is the buying and selling of commodities. Under the conditions of the market economy, goods, skills, labour, capital, resources, and information all have usefulness and value and are all different forms of tangible commodities or intangible commodities. Therefore, they all can be the trading contents and the negotiation objectives. Furthermore, Barnum (1989) stresses business negotiations are directed at negotiations of the trading of commodities. The content of business negotiation is trade – this is the characteristic of business negotiation. This characteristic is the basic attribute of business negotiation. It also demonstrates that with the right trading object, business negotiations can be carried out with other parties and the conditions for success can be obtained.

III. Benefits
The trading objects of business negotiation determine the economic benefits and the achievement of trading goals in business negotiations. Drake (1994) urges that during business negotiations, the negotiation plan and strategy of the negotiator are based on and ended with the pursuit and the achievement of the economic benefits of trading. Without economic benefits, business negotiation loses the purpose and the possibility of existence. Therefore, the objective of business negotiation is economic benefits. Business negotiations are in pursuit of objectives – this is the characteristic of business negotiation. However, not to be overlooked during negotiations is that if the expectation of one party is sustained at a high level throughout the negotiation, exceeding the critical point of benefits of the other party, the negotiation is a sure failure. Mann (1989) declares negotiators not only have to consider their own interests, they also have to put themselves in the other party’s shoes at the same time and consider the interests of the other party and whether their requests would be accepted by the other party. As Wang (1989) states, negotiations will only succeed and the interests of one self will only be served if the interests of one self are considered above the critical interests acceptable to the other party.

IV. Price
Business negotiation, with commodity trading as the content and economic benefits as the objective, of course will have its subject centred on price. Price is the currency representation of the value of the goods. On one hand, the level of price directly establishes the amount of economic benefits that each party in the negotiation can obtain in reality through trading. On the other hand, though the subject of business negotiation will also involve other factors beside price, these factors are all closely related to price and can often be converted to a certain price (Senkar& Ronen, 1987). For example, a certain negotiation is very important, however after bargaining, the other party refuses to give in on price, resulting in a stalemate for both parties. In this case, the negotiator can turn the situation and request the other party to provide several favourable terms in other areas that are easily acceptable to the other party. By doing this, the negotiator is in fact flexibly applying price that is the centre of the subject of the negotiation to achieve success in the negotiation.

The Negotiation Styles of the Chinese Businessman
(1) Establishment of Relationship in Negotiation
Solomon’s (1987) study shows that Chinese businessmen pay much attention to interpersonal relationships. In China, the establishment of relationship is a manifestation of the seeking of trust and security. “Relationship” is permeated into every segment of the business arena and social interactions. “Relationship” has become an important channel that people rely on to communicate and connect with others and the society. Leung & Bond (1982) point out under normal circumstances, the establishment of business relationships in business dealings is facilitated by specific middlemen to find supervisory staffs that have decision-making authority. After establishing a relationship, Chinese businessmen usually achieve mutual communication and understanding through social activities. These activities usually include dinner entertainment, sight seeing, shopping, etc.

(2) Strategy Formulation

The structure of strategy is similar to relationship. Ultimately, Pye (1982) indicates people factors are strategic in nature. To a certain extent, the strategy system of china enterprises is more complicated. In the process of reform, there are many types of enterprises and their differences are great. High level leaders of enterprises are usually the decision-making persons of negotiations. Obtaining their participation helps in articulating the responsibilities to be assumed by each party and executing the agreements of the negotiation.

(3) Concept of Time

Bond (1986) notes the Chinese are not very sensitive to the passing of time. People like to be methodical and systematic. In business dealings, their judgement of the opportune time directly affects their dealing behaviour. They believe that speed brings no success and prevent hasty and rash moves that are overreaching. If the time is not right, they would rather take no action than to act hastily. With the establishment and the penetration of the market economy, the Chinese’s concept of time is gradually improving and their work efficiency is continuously increasing.

(4) Communication Method

De Mente (1989) explains the Chinese culture is in pursuit of harmony and balance in a broad sense. Influenced by the Confucian culture, the notion of “face” penetrates into every aspect and layer of society and life, directly influencing business negotiation. In business negotiations, businessmen dislike direct and unyielding communication methods. They often give vague and ambiguous answers to the requests raised by the other party or use counter questions to shift the focus. Bond & Wang (1983) notice name cards are widely used in business dealings. Having a name card handy is a smart move. The name card can give an insight into the rank and status of each party. This facilitates the observance of proper etiquette. During the process of communication, some conversation topics forbidden by the westerners such as family, health, and even age or income could be excellent topics for enhancing understanding. However, regardless of the topic, one has to be humble and courteous. Humility is a virtue advocated by Confucian thinking.

(5) Attitude toward Contracts

Buchan (1998) comments traditional china society attaches more importance to relationships than law. After reform and liberation, china has strengthened the establishment of its legal system and the vigour of its law enforcement. People’s concept of the legal system and contracts is continuously improving. China is in a stage of rapid development. After a large number of conditions have changed, the government and the enterprises will probably make certain adjustments to affect the execution of previously signed agreements.

Characteristics of China Business Negotiation

I. Principles First Vis-à-Vis Details First

Goldenberg (1988) mentions Chinese businessmen like to obtain an unanimous agreement on the general principles of the relationship between both parties before handling the details of the issue. They leave the concrete problem to the end of the negotiation to address, that is – “principles first, details second”. Charles Freeman, an American academic who specialises in researching on china negotiation
style, warns the western diplomatic circle to insist on discussing the concrete and specific details first and avoid discussions on general principles when dealing with the Chinese. Hsu (1981) indicates there are a few reasons for the Chinese placing importance on “principles first, details second”. First, talking about principles first can establish the fundamentals of the detailed negotiation and the frame that controls the scope of the negotiation. Second, the opportunity to exchange ideas when establishing the general principles can be used to appraise and test the other party to look for their possible weakness and create beneficial opportunities for one self. Third, the agreement in principle can be converted quickly into an agreement in fact. Fourth, talking about principles first can be advantageous in term of logic or ethics. Fifth, discussions about principles can usually be established during negotiations with the higher level personnel of the other party, thereby avoiding possible friction with the lower level personnel who are very astute about the concrete problem during negotiations in substance. To a certain extent, the actions of the lower level personnel can be controlled.

II. Valuing Collectivism More Than Individualism

China negotiations are unlike those of westerners that place more emphasis on group authority – “delegation”, and individual responsibility. Meindl & Lee (1989) urge the Chinese places more emphasis on group responsibility and individual authority – “centralised authority”. On the negotiation table, the Chinese knows very well how to make use of third party competition to win more negotiation chips. When they realise that two competitors are fighting for the contract at the same time, the Chinese will deliberately let the two competitors battle among themselves.

III. Valuing Stand Vis-à-Vis Valuing Interest

Pye (1992) notes the Chinese places more emphasis on stand, while the westerner places more emphasis on interests. The Chinese, due to their citizenship, view “face” as being very important. During negotiations, they are very sensitive toward their stand. Differences in stands will often cause the negotiation to enter into a stalemate and turn both parties against each other. Partners of many years will go separate ways; friends will become strangers. As it mentioned before, attention must also be paid to the cultural background of “face” and the pulling of strings during negotiations with the Chinese. Zhao (1991) reminds that be sure to remember to give “face” to the Chinese. Even if the other party has made errors, give them a chance by sparing them from embarrassment. As the Chinese saying goes, “magnanimity enhances relationships”. Also, China is a society that places much importance on “relationships”. The Chinese uses “relationships” to obtain privileges and convenience. The maintenance of relationships is all the more important under the feudalistic and autocratic political system of China.

RESEARCH HYPOTHESES

Business Conflicts and Negotiation Strategy

Therefore, this research hypothesises that:

H1: In business conflicts in China, individual avoidance and competitiveness have significant effects on negotiation skills.

H2: In business conflicts in China, group collaboration has a significant effect on negotiation skills.

H3: In business conflicts in China, individual and group accommodation has no significant effect on negotiation skills.

Friend Conflicts and Negotiation Strategy

Therefore, this research hypothesises that:

H4: In friend conflicts in China, individual avoidance and competitiveness have significant effects on negotiation skills.
H₅: In friend conflicts in China, group collaboration has a significant effect on conflict negotiation skills.

H₆: In friend conflicts in China, individual and group accommodation has no significant effect on conflict negotiation skills.

**Conflicts between Business and Friends and Negotiation Strategy**

Therefore, this research hypothesises that:

H₇: In conflicts between business and friends in China, individual competitiveness and avoidance have significant effects on negotiation resolution skills.

H₈: In conflicts between business and friends in China, group collaboration and avoidance have significant effects on negotiation resolution skills.

H₉: In conflicts between business and friends in China, individual and group collaboration has no significant effect on negotiation resolution skills.

**RESEARCH METHODOLOGY**

There is much recent literature on negotiation strategy. Most topics examine the importance of business management, types of conflicts, business management processes, and execution. Deeper insights into the relationships between business conflicts situations, conflict characteristics, communication mechanisms, and strategy application are less covered. In view of the past discussion on business, and relatively fewer insights from the viewpoint of knowledge management, this research presents the factors of business conflicts and friend conflicts affecting business negotiation strategy and incorporates the dual concern model as well as business management and international business theory. Interviews are also conducted. A conceptual research framework is constructed using educational level and annual income as the control variables, dual concern model as the independent variable, level of concern as the mediating variable, and negotiation strategy as the dependent variable.

**Research Framework**

Based on the above relevant literature and research objective, this research is basically an empirical study on China business negotiation and the handling of friend conflicts. Because the level of concern will lead to different conflict situations, the effects of accommodation, collaboration, avoidance, and competition on negotiation strategy are explained using the conceptual framework in figure 1.

**Figure 1. Conceptual Framework**
The research framework can be established based on logic basis and interviews with business clients. In this study, logic basis includes four main elements of theoretical basis, empirical experience, logic inference, and professional consensus.

Figure 2 shows the research framework. The four dimensions of accommodation, collaboration, avoidance, and competition comprising 16 variables can be used to measure the dual concern model; the two variables of business conflicts and friend conflicts can be used to measure conflict situations; the two variables of conflict situations and the level of concern can be used to measure negotiation strategy.

H1: In business conflicts in China, individual avoidance and competitiveness have significant effects on negotiation skills.
H2: In business conflicts in China, group collaboration has a significant effect on negotiation skills.
H3: In business conflicts in China, individual and group accommodation has no significant effect on negotiation skills.
H4: In friend conflicts in China, individual avoidance and competitiveness have significant effects on negotiation skills.
H5: In friend conflicts in China, group collaboration has a significant effect on conflict negotiation skills.
H6: In friend conflicts in China, individual and group accommodation has no significant effect on conflict negotiation skills.
H7: In conflicts between business and friends in China, individual competitiveness and avoidance have
significant effects on negotiation resolution skills.

H8: In conflicts between business and friends in China, group collaboration and avoidance have significant effects on negotiation resolution skills.

H9: In conflicts between business and friends in China, individual and group collaboration has no significant effect on negotiation resolution skills.

**Sampling Design**

The objective of the pre-test is to select the estimation level that is suitable for the concept of this research. First, test participants who have business experience and are about to join the work force are selected from research students from the Business Management Research Institute of the East China University of Science and Technology and the Business Management Research Institute of the Fujian University. Questionnaires for quota sampling were distributed in China from 1st November 2004 to 28th February 2005. There are a total of 1500 questionnaires. 525 were received. After eliminating those that obviously do not meet the requirements, those that leave out too many questions, and those which answers are unclear, the effective number of questionnaires received in total is 483. The effective rate is 32.20%.

**Sample Composition**

Among the sample variables of this research on the effects on negotiation strategy, business accounts for the largest proportion of 32.3% of the total sample, service sector comes next accounting for 29.4% of the total sample. Besides, the two sectors account for 61.7% of the total sample, which is close to the assumed composition of the population. Based on the assumption of Qi (2001) that reports that China is using management methods of a market economy after reform and liberation, this research sets the economic structure of 1978 as the basis for comparison and uses the stochastic frontier and the Malmquist index to analyze the economic efficiency situation derived from the aftermath of the China reform and liberation (1978~2002).

Previous researches on negotiation strategy mostly use case studies. This might be due to difficulties in obtaining data or difficulties in administrating questionnaires and statistical analysis due to the analytical unit being an organization. Moreover, discussions in the business arena are mostly tilted toward purchasing behavior from the viewpoint of business trading. There are relatively fewer researches on the management strategies of the manufacturing and service sectors. In view of the less coverage on negotiation strategy of previous business research, and the lack of detailed analysis on the subjects of situation management mechanism and the level of concern in discussions on negotiation strategy, this research analyses the whole picture of the factors affecting business negotiation. The questionnaire respondents are research students who are the future workforce of China’s businesses. The preliminary data obtained is used in validity and reliability analyses. Multiple regression analysis is used to test the various research hypotheses to obtain the prediction and explanation of the variables including the dual concern model, conflict situations, and the level of concern mechanism on negotiation strategy, the dependent variable.

**DATA ANALYSIS AND FINDINGS**

**Validity and Reliability Analyses**

**Validity Analysis:**

Typically, validity analysis can be classified as content validity, concurrent validity, and construct validity (Hu, 2000). Content validity refers to how well the measurements selected by the subjective judgment of the researcher’s professional knowledge truly represent the original content. Concurrent validity or predictive validity is based on the relationship between the test and individual and group behaviors or
possible behaviors. Construct validity uses statistical techniques comprising measuring basics to test the characteristics espoused by the theory.

In order to understand the stability of the relevant dimensions and the theoretical model built by the research sample, the data analysis of this research uses the increase in $\chi^2$ value to differentiate the construction stability. It also uses the based model. The sample data are four test objects from China. The primitive model is constructed for each object. After the dimensions have been surveyed based on theory, the significance of the increase in $\chi^2$ value is used to judge the discriminate validity. Data from different geographical areas are used to test the consistency of the measurements in the model to achieve content validity and construct validity of groups of different geographical areas. As a result, the measurements of the dimensions are consistent, confusion in explanation is avoided, and explanatory power of variance of the dependent variable is consistent. (Alwin and Jackson, 1981; Byrne, Shavelson and Muthen, 1989; Durvasula, Andrews, Lyonski and Netemeyer, 1993).

This research uses principal component analysis and varimax orthogonal rotation to test the construct validity of the questionnaires. Based on Kaiser’s standard, research variables with eigenvalues greater than 1 are kept and factors with common factor (the level of validity) greater than 0.5 are extracted. Also, correlation factor (Kerlinger, 1986) between the individual item and the total score is used to eliminate measurement items that are not significantly related.

This research states the null hypothesis (Ho) as consistency between the sample structure and the population structure, (H1) as inconsistency between the sample structure and the population structure. The increase in $\chi^2$ value has to accept Ho in order to say that the structure and the model are consistent. $\chi^2(1) = 24.6354^{***}$, $\chi^2(2) = 22.4141^{***}$, the overall predictive rate is 90.98%, the test result accepts (Ho), indicating consistency between the sample structure and the population structure.

Reliability Test

Reliability refers to the degree of consistency of results obtained from repeated tests performed on the same or similar population. Cronbach’s $\alpha$ factor is most frequently used to measure internal consistency. According to Wortzel (1979), a Cronbach’s $\alpha$ factor between 0.7 to 0.98 indicates high reliability, a Cronbach’s $\alpha$ factor lower than 0.35 should be rejected. Nunnally (1978) and Peterson (1994) also think that the reliability of preliminary research should be at least 0.8 before acceptance. As for exploratory research, the reliability needs only reach 0.7 to be accepted. The Cronbach’s $\alpha$ factor of the variables of this research are all no lower than 0.7. The Cronbach’s $\alpha$ factor of the variances of this research are higher than 0.9 (accommodation 0.9434, collaboration 0.9435, avoidance 0.9433, competitiveness 0.9434, concern for self 0.934, concern for others 0.9438, indicating that all the variances of this research meet the requirement of high reliability.

Questionnaire Data Analysis

The effective number of questionnaires collected for negotiation strategy is 483. Female (62.22%) outnumber male (37.78%); single (68.89%) outnumber married (31.11%); 23–25 years old are the majority (31.11%), above 36 years old (24.44%) and 20–22 years old come next (17.78%), 26–28 years old (15.56%), 32–35 years old (8.89%), 29–31 years old are the least (2.22%). This is in line with the current trend in commercial development in China.

EMPIRICAL ANALYSIS AND RESULTS

Business Conflicts

During business conflicts, group accommodation, collaboration, and avoidance are higher than
individual avoidance, causing group competitive behavior and individual accommodation, collaboration, and competition to be less important. As indicated in Table 1,

The F value for the level of concern for self on business conflicts is 6.6427 (p < 0.001), R² is 0.3990. Competition 3.8766 is the most significant. Avoidance 3.5627 follows. The negative effect of collaboration shows that China, unable to let go of its big brother attitude, still adopts a subjective concept in certain business negotiation strategies. Accommodation is in line with the characteristic ability of the Chinese to yield.

Table 1. Multiple Regression Test of Level of Concern for Self on Business Conflicts

<table>
<thead>
<tr>
<th>Variables</th>
<th>Adjusted R²</th>
<th>Change in adjusted R²</th>
<th>F value</th>
<th>β</th>
<th>t-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concern for Self</td>
<td>0.3991</td>
<td>0.3390</td>
<td>6.6427***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accommodation</td>
<td>1.3313</td>
<td>0.1988</td>
<td>0.9666</td>
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<td></td>
</tr>
<tr>
<td>Collaboration</td>
<td>1.1479</td>
<td>-0.6403</td>
<td>-3.8904**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Avoidance</td>
<td>2.7984*</td>
<td>0.5599</td>
<td>3.5627**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competition</td>
<td>1.0671</td>
<td>0.5291</td>
<td>3.8766**</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: * : Level of Significance 0.05** : Level of Significance 0.01***
Level of Significance for Table 0.001

The F value of the level of concern for others on business conflicts is 15.3052 (p < 0.001), R² is 0.5653. As indicated by Table 2, for the mechanisms encouraging group cooperation, collaboration 2.0405 is the most significant. Avoidance 1.9978 indicates similar inclinations in seeking mutual understanding. The effect of competition is negative, indicating that the Chinese, unable to decide on policies on its own, adopts a group notion in certain business negotiation strategies. Accommodation is still in line with the characteristic ability of the Chinese to yield.

Table 2. Multiple Regression Test of Level of Concern for Others on Business Conflicts

<table>
<thead>
<tr>
<th>Variables</th>
<th>Adjusted R²</th>
<th>Change in adjusted R²</th>
<th>F value</th>
<th>β</th>
<th>t-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concern for Others</td>
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<td>0.5653</td>
<td>15.3052***</td>
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</tr>
<tr>
<td>Accommodation</td>
<td>2.5471*</td>
<td>0.0423</td>
<td>0.1667</td>
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<td></td>
</tr>
<tr>
<td>Collaboration</td>
<td>3.3278**</td>
<td>0.4141</td>
<td>2.0405*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Avoidance</td>
<td>4.8282**</td>
<td>0.3871</td>
<td>1.9978</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competition</td>
<td>1.3056</td>
<td>-0.1841</td>
<td>-1.0936</td>
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</tr>
</tbody>
</table>

Note: * : Level of Significance 0.05** : Level of Significance 0.01***
Table Level of Significance 0.001

H1 : In business conflicts in China, individual avoidance and competitiveness have significant effects on negotiation skills. Avoidance t value 3.5627**, competition t value 3.8766**, are all significant. β values are all above 0.5. This indicates that avoidance and competition can significantly explain differences in negotiation strategy. The regression factor of concern for self is 0.3390 and is significantly positively related to business conflicts. Please refer to Figure 1.

H2 : In business conflicts in China, group collaboration has a significant effect on negotiation skills. Collaboration t value 2.0405* is at a significant level, β values are all above 0.4. This indicates that collaboration can significantly explain differences in negotiation strategies. The regression factor of concern
for others is 0.5653 and is significantly positively related to business conflicts. Please refer to Figure 1. H3: In business conflicts in China, individual and group accommodation has no significant effect on negotiation skills.

Under situations of concern for self and concern for others, the levels of significance are not reached, indicating that both are unable to significantly explain the differences in negotiation strategy. Please refer to Figure 1.

In summary, as indicated by the path analysis in Figure 1, the effect of concern for self on business negotiation is greater than that of concern for others. The hypothesis on the handling of business conflicts is supported by results from empirical tests.

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**Figure 1. Path Analysis of Level of Concern on Business Conflicts**

**Friend Conflicts**

The F value of level of concern for self on friend conflicts is 6.6427 (p < 0.001), R2 is 0.6383. As indicated in Table 3, competition 7.4482 is the most significant. Avoidance 2.1253 follows. Collaboration has a negative effect, indicating that in China, certain friend conflicts have not much effect on negotiation strategy. Accommodation is slightly weaker than in business negotiation, but is still in line with the characteristic ability of the Chinese to yield.

**Table 3. Multiple Regression Test of Level of Concern for Self on Friend Conflicts**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Adjusted R²</th>
<th>Change in adjusted R²</th>
<th>F value</th>
<th>β</th>
<th>t-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concern for Self</td>
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<td>0.6383</td>
<td>6.6427***</td>
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<td></td>
</tr>
<tr>
<td>Accommodation</td>
<td>1.0185</td>
<td>0.0364</td>
<td></td>
<td>0.2319</td>
<td></td>
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<tr>
<td>Collaboration</td>
<td>0.7521</td>
<td>-0.3164</td>
<td>-2.3537*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Avoidance</td>
<td>2.4254</td>
<td>0.2577</td>
<td>2.1253*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competition</td>
<td>2.4072</td>
<td>0.8099</td>
<td>7.4482**</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: * : Level of Significance 0.05 ** : Level of Significance 0.01 *** : Level of Significance 0.001
The F value of level of concern for others on friend conflicts is 3.1982 (p < 0.05), R2 is 0.1665. As indicated in Table 3, collaboration 2.0405 is the most significant. Accommodation has some effects. Competition has a negative effect, indicating that in China, certain friend conflicts have not much competitive effects on negotiation strategy. Avoidance tends toward the conservative.

Table 4. Multiple Regression Test of Level of Concern for Others on Friend Conflicts

<table>
<thead>
<tr>
<th>Variable</th>
<th>Adjusted R²</th>
<th>Change in adjusted R²</th>
<th>F value</th>
<th>β</th>
<th>t-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concern for Self</td>
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<td>0.1665</td>
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</tr>
<tr>
<td>Accommodation</td>
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<td>-0.0111</td>
<td>0.1667</td>
<td></td>
</tr>
<tr>
<td>Collaboration</td>
<td>2.1721</td>
<td>0.2613</td>
<td>2.0405</td>
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<tr>
<td>Avoidance</td>
<td>1.4614</td>
<td>0.2860</td>
<td>1.9978</td>
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<tr>
<td>Competition</td>
<td>2.2512</td>
<td>0.0533</td>
<td>-1.0936</td>
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</tbody>
</table>

Note: * : Level of Significance 0.05** : Level of Significance 0.01*** Table Level of Significance 0.001

H4: In friend conflicts in China, individual avoidance and competitiveness have significant effects on negotiation skills. Avoidance t value is 2.1253*, competition t value is 7.4482**, all have reached the significant level. β values are 0.2577 and 0.8099 respectively. This indicates that avoidance and competition have significant explanatory effects on negotiation strategy. The regression factor of concern for self is 0.6383. It has a significant positive relationship with friend conflicts. Please refer to Figure 2.

H5: In friend conflicts in China, group collaboration has a significant effect on conflict negotiation skills. Collaboration t value of 2.0405* is at a significant level. β value is 0.2613. This indicates that collaboration has a significant explanatory effect on negotiation strategy. The regression factor of concern for others is 0.1665. It has a significant positive relationship with friend conflicts. Please refer to Figure 2.

H6: In friend conflicts in China, individual and group accommodation has no significant effect on conflict negotiation skills.

Under the situations of concern for self and concern for others, the significant level is not reached. This indicates that both are unable to significantly explain the differences in negotiation strategy. Please refer to Figure 2.

In summary, as indicated by the path analysis in Figure 2, concern for self has a greater effect on negotiation with friends than concern for others. The hypothesis of the handling of friend conflicts is supported by results from empirical tests.
Business Negotiation and Friend Conflicts

The F value of level of concern for self on business negotiation and friend conflicts is 23.7364 (p < 0.001), R2 is 0.6739. As indicated in Table 5, competition 6.3963 is the most significant. Avoidance 2.2115 follows. Collaboration has a negative effect, indicating that in China, certain friend conflicts have not much effect on negotiation strategy. Accommodation is in line with the characteristic ability of the Chinese to yield.

Table 5. Multiple Regression Test of Level of Concern for Self on Business Negotiation and Friend Conflicts

<table>
<thead>
<tr>
<th>Variable</th>
<th>Adjusted R²</th>
<th>Change in adjusted R²</th>
<th>F value</th>
<th>β</th>
<th>t-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concern for Self</td>
<td>0.7035</td>
<td>0.6739</td>
<td>23.7364***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accommodation</td>
<td>1.0185</td>
<td>0.1217</td>
<td>0.6655</td>
<td>0.6655</td>
<td></td>
</tr>
<tr>
<td>Collaboration</td>
<td>0.7521</td>
<td>-0.5319</td>
<td>-3.7517**</td>
<td>-3.7517**</td>
<td></td>
</tr>
<tr>
<td>Avoidance</td>
<td>2.4254*</td>
<td>0.3187</td>
<td>2.2115*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competition</td>
<td>2.4072*</td>
<td>0.7662</td>
<td>6.3963**</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: *: Level of Significance 0.05**: Level of Significance 0.01***: Level of Significance 0.001

The F value of the level of concern for others on business negotiation and friend conflicts is 6.0820 (p < 0.001), R2 is 0.3160. As indicated in Table 6, avoidance 2.1937 is the most significant. Avoidance 2.0575 follows. Accommodation and competition all have negative effects, indicating that in China, certain business negotiations and friend conflicts have not much effect on negotiation strategy and are also affected by the national concept of groups.
Table 6. Multiple Regression Test of Level of Concern for Others on Business Negotiation and Friend Conflicts

<table>
<thead>
<tr>
<th>Variable</th>
<th>Adjusted R²</th>
<th>Change in adjusted R²</th>
<th>F value</th>
<th>β</th>
<th>t-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concern for Others</td>
<td>0.3781</td>
<td>0.3160</td>
<td>6.0820***</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accommodation</td>
<td></td>
<td></td>
<td>1.0682</td>
<td>-0.1229</td>
<td>-0.4639</td>
</tr>
<tr>
<td>Collaboration</td>
<td></td>
<td></td>
<td>2.1721</td>
<td>0.4225</td>
<td>2.0575*</td>
</tr>
<tr>
<td>Avoidance</td>
<td></td>
<td></td>
<td>1.4614</td>
<td>0.4579</td>
<td>2.1937*</td>
</tr>
<tr>
<td>Competition</td>
<td></td>
<td></td>
<td>2.2512</td>
<td>-0.1020</td>
<td>-0.5881</td>
</tr>
</tbody>
</table>

Note: * : Level of Significance 0.05** : Level of Significance 0.01*** Table Level of Significance 0.001

H7: In conflicts between business and friends in China, individual competitiveness and avoidance have significant effects on negotiation resolution skills. Avoidance t value 2.2115*, competition t value 6.3963**, both have reached significant levels. β values are 0.3187 and 0.7662 respectively. This indicates that avoidance and competition can significantly explain the differences in negotiation strategy. The regression factor of concern for self is 0.6739. It has a significant positive relationship with business negotiation and the handling of friend conflicts. Please refer to Figure 3.

H8: In conflicts between business and friends in China, group collaboration and avoidance have significant effects on negotiation resolution skills. Collaboration t value 2.0575*, avoidance t value 2.1937*, both have reached significant levels. β values are above 0.4. This indicates that collaboration can significantly explain the difference in negotiation strategy. The regression factor of concern for others is 0.3160. It has a significant positive relationship with business negotiation and the handling of friend conflicts. Please refer to Figure 3.

H9: In conflicts between business and friends in China, individual and group accommodation has no significant effect on negotiation resolution skills.

Under the situations of concern for self and concern for others, the levels of significance are not reached. This indicates that both are unable to significantly explain the difference in negotiation strategy. This presents a phenomenon of two extremes. A big increase in effects of contrived control factors will cause disruption to group collaboration. Please refer to Figure 3.

In summary, as indicated by the path analysis in Figure 3, concern for others has greater effects on business negotiation and friend conflicts more than concern for self. The hypothesis on business negotiation and the handling of friend conflicts is supported by the results from empirical tests.
CONCLUSION

Research Findings

1. The relationship between business negotiation and friend conflicts will be significantly different due to the difference in the level of concern. Simply put, the findings indicate that diversity in cultural background (Hofstede, 1980) has quite a big effect after controlling for conflict situations such as the content of the negotiation objective, future opportunities to touch base, and the negotiation experience of the negotiator.

2. The relationship between business negotiation and friend conflicts will be significantly different due to the level of concern and conflict situations. The findings indicate that the variables collaboration and avoidance have quite big effects after controlling for the four variables of accommodation, collaboration, avoidance, and competition. This research uses research respondents from many countries but similar culture to build a generalized cultural model.

3. In research on how to obtain the desired negotiation outcomes, negotiation strategy is an important subject discussed by the academics and researchers (e.g., Winke, 1985; Johnson, 1991; Belzer, 1990; Nirenberg, 1988; Smith, 1988; Mendonsa, 1987; Mariotti, 1998). This research uses qualitative research to further examine the nature of negotiation strategy to establish the validity of this field.

Implications for Management

1. The normal development of economy and trade between the two shores has a high level of influence on the industrial development of Taiwan. The keys to success are how well the china market is exploited and the grasp of core production technology and sales channel, because only market expansion can support and research the new sustained developments, as well as grow and integrate the country’s overall resources of assets, people, and knowledge. Only by enhancing healthy competition through appropriate channels can the welfare of the nation be promoted. Only by avoiding sporadic and needless competitions can the sustained development of the economy be ensured.

2. Taiwan is a saucer island economy. Raw materials and markets are not within the country. Therefore, the volatility of the world economy hits Taiwan’s industries and society very easily. Hence, only by grasping...
the core technology, developing products or logistics on a higher skill level as those developed by Switzerland, Holland, and Finland, and by developing sales channels to ensure the uniqueness of products, can we stand on winning grounds. Only by properly using the agile and enthusiastic practical ability of the Taiwanese, addressing the various industries or products, integrating wisdom and financial strength from all sources, completing the whole center-satellite factory system, mutual help from one another, and developing the collectivism effect of the regional economy, can we adequately face the enormous competitive pressure from the enterprises from around the world.

3. Because the Chinese culture places much importance on “humanness” and “relationship” (Yao, 1988), under the guidance of the principle of “humanness foremost”, their negotiation style is entirely different from the American style that values facts, written agreements, legality, and signed contracts (Adler, 1986). If the negotiation strategy of the Chinese can be researched to obtain empirical findings and converted into a model, it would be a big contribution to the handling of business negotiation and friend conflicts.

Suggestions for Future Research

1. As for the suggestion on relevant future research, if further research can be performed using communities of similar culture or inter-culture as the variable, the reach of the arena on negotiation strategy can be enhanced.

2. Use longitudinal field studies and controlled laboratory experiment to prove the relationship between concession and negotiation outcome.

3. The real task of negotiating and the values of negotiating should not be limited to only accommodation, collaboration, avoidance, and competition. Negotiation strategy is part of the scope of the whole negotiation plan. Deutsch, Canavan, and Rubin (1971) think that conflicts between the two parties are sure to arise during the process of negotiation. Therefore, in the plan and execution of the negotiation strategy, a more friendly method can be used to proceed with negotiation. A solution that is relatively satisfactory to oneself should be accepted to further create a win-win situation.

Research Limitations

1. Add other test factors to test the constraint relationships formed by the other factors to accurately and clearly state the relationship between concession and negotiation outcome.

2. Adler (1986) points out that culture is an important basis for forming the value system, attitude, and even behavior. Behavior of members from the same cultural background will more likely be similar. Those from different cultures will display different behavioral standards due to differences in values.

3. Previous researches on cross-cultural negotiation are few. Also, discussions are based on samples from only a few countries such as America, China, Japan, and Brazil. The results of these researches might not be generalized to the Chinese geographical area. Use enterprises of other nationalities with cultural differences as the sample to examine the relationship between the variable of transnational concession and the variable of negotiation result. Further, test whether the variable nationality will produce moderating effects on the relationship between the two variables to increase the generalisation value of the research findings.
REFERENCES


