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AN UNNOTICED IMPEDIMENT TO REBUILDING COMMERCE WHEN TRADE SANCTIONS END: CUBA AS AN EXEMPLAR

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Abstract

Currently trade sanctions are drastically affecting world commerce, economies, industries, companies, and potentially the well-being of individuals around the world. Even global peace is threatened by the growing frictions among major countries. The question we explore is how politically motivated economic sanctions affect commercial interactions within targeted countries. We focus on the case of American economic sanctions of the last half century. To the task we apply findings regarding negotiation processes and outcomes between more than 1200 experienced businesspeople in twenty-one cultural regions and countries around the world. Economic outcomes in intracultural buyer-seller negotiation simulations were found to be lower in the six cultural regions on which the United States has applied broadly comprehensive sanctions. We conclude that this “hidden” damage done can hurt international cooperation well beyond the period of the sanctions. The scope and relevance of the work is very broad, connecting concepts and theories from political science, economics, trade, anthropology, marketing science, negotiation, and, of course, business ethics. Our findings are useful for theorists, policy makers and managers of firms considering market entry to recently sanctioned countries. Specific guidance for amelioration of the negative and largely unintended consequences of sanctions on target countries are provided.

AN UNNOTICED IMPEDIMENT TO REBUILDING COMMERCE WHEN TRADE SANCTIONS END: CUBA AS AN EXEMPLAR

The primordial persuasion was punishment. The first sophistication was exchange.

This paper is about how punishment affects exchange on an international scale. The question we explore is how politically motivated economic sanctions affect the behaviors, processes, and practices of commercial interactions within targeted countries. Clegg (2019) provides the most concise statement of the theory underlying our study: “Institutions shape behavior, but it is policy that changes behavior.” (page 111). We focus on the case of American economic sanctions of the last half century. To the task we apply secondary data representing negotiation behaviors, processes, and outcomes between more than 1200 experienced businesspeopleⁱ in twenty-one regions and countries around the world. Economic outcomes in intracultural buyer-seller negotiation simulations were found to be lower in the six cultural regions on which the United States has applied broadly comprehensive sanctions. We conclude that this damage done can hurt international cooperation well beyond the period of the sanctions. The scope and relevance of the work is very broad, connecting concepts and theories from political science, economics, trade, anthropology, marketing science, and negotiation. The study also opens a new path for a more comprehensive understanding of the effects of trade sanctions. While most of the research in the area of trade sanctions has been conducted at either the case level or the macroeconomic level, this study focuses on the micro-level of negotiation practices among businesspeople in countries experiencing comprehensive economic sanctions.

The paper is divided into five parts. First, we very briefly discuss the history of economic sanctions and their impact on target countries in particular, and on international commerce in

general. Second, we present pertinent background from the literature with substantial attention paid to the Cuban perspective. We have found the most recent theoretical work by Ozdamar and Shahin (2021) to be most helpful. Next, we analytically determine the differences in the behaviors and processes of negotiations in the six sanctioned countries and cultural regions vis-à-vis the fifteen unsanctioned others in the data base. That analysis includes a broad spectrum of control variables. Fourth, we provide interpretations, conclusions, and speculation about long-term impacts of sanctions on international commercial cooperation. The fifth section of the paper is in the form of a separate Appendix that details the derivation of the dependent variables used in the study.

Part I. INTERNATIONAL ECONOMIC SANCTIONS

In 1807 the nascent United States embargoed trade with France and Great Britain. Thomas Jefferson's goal was to get those warring nations to leave American ships alone on the high seas. However, instead of changing French or English policies and behaviors, the trade sanctions actually disadvantaged New England traders. They complained:

*Our ships all in motion, once whiten'd the ocean;
They sail'd and return'd with a Cargo;
Now doom'd to decay, they are fallen a prey,
To Jefferson, worms, and EMBARGO.*

The country's first embargo fell apart in just fifteen months. Only the War of 1812 settled the problems with English aggression at sea.

Thus, the efficacy of international economic sanctions has been argued ever since. Unfortunately, the topic grows in importance as the alternative of nuclear weapons are again being rattled. Such sanctions have taken many forms: e.g., controls on exports and imports, restrictions on economic assistance, financial restrictions, and both comprehensive and targeted

bans. Economic studies (e.g., Yang, Askari, Forrer, & Teegen, 2004; Hufbauer, Elliot, & Winston, 1997) have estimated American unilateral sanctions to have achieved stated political goals about twenty to thirty percent of the time during the last century. While these quantitative studies of efficacy are quite useful, they also focus on short-term and narrowly defined dependent variables.

Meanwhile, many other researchers have enumerated other, mostly unintended negative consequences of U.S. sanctions: American firms' losses as in 1807 (often in sectors beyond those targeted), broader losses in jobs, wages, and trade in the United States, and third-country competitive gains. The list of negative consequences in target countries is long and often tragic: GDP and FDI shrinkage, tourism declines, a slowdown in technology exchange, extreme poverty, declines in healthcare and women's longevity, increases in infant mortality, child labor, and even *increased* human rights violations with respect to equality, and government corruption (Cashen 2017; Ozdamar & Shahin 2021). Among the worst consequences are retaliatory terrorism and attacks on the sanctioning countries themselves.

It is generally agreed that the impacts of sanctions persist long past their retraction (Neuenkirch & Neumeier, 2015). In this last regard, Yang et al. (2004: 59) report, "...U.S. sanctions on the formerly planned economies and on countries subject to comprehensive U.S. sanctions show *a strong lingering effect* on trade between the United States and targeted countries." Bezhuidenhout, Karrar, Lezaun, & Nobes (2019) add an ironic harm – economic sanctions can do long-term damage to academic interaction!

Ozamar and Shahin (2021) provide a most useful, concise, yet comprehensive literature review of the consequences of international sanctions. They examined their efficacy in changing target governments' behaviors; their economic effects on targeting, target, third-party and

networked countries; and their impact on a broad list humanitarian matters. But perhaps their most valuable contribution to the study of trade sanctions was to elaborate a new theoretical base for future work. In a few words, they argue for a perspective that encompasses the complex interdependence of actors (targets, sanctioners, and third parties) imbedded in the networks of global actors.

Ozamar and Shahin (2021) go on to describe a fundamental weaknesses in the current literature. “While in-depth case studies identify multiple novel mechanisms behind sanction impacts and identify novel consequences faced by different actors, many of these insights are absent from the quantitative research, which uses large- N studies based on existing datasets.” Indeed, in the present study we attempt to blend both methods to provide new insights into the phenomenon. Specifically, we consider the long-term consequences of sanctions, and their potential impact on world trade and peace. Among the topics in need of attention in systematic research they list: the clustering of countries, blocked channels of exchange, losses of confidence and self-sufficiency, uncertainty about partner’s ability to trade, and lower efficiency of international markets. They propose a novel explanation for the long-term effects of sanctions on trading practices. That is, the “sunk costs” associated with traditional, clustered relationships. Most important, is their recognition that trade interdependence leads to peaceful international relations (cf. Polachek, 1997; Pinker, 2018).

The theoretical foundation of the current study is the belief in economic and political interdependence of nations, all of which is managed through negotiations between people, most often commercial actors. Our study considers clusters of actors and long-term capabilities to negotiate long-term international commercial relationships. We report that economic sanctions by the United States have delivered behavioral impediments to efficient transactions at the core

of markets and international interdependent trade networks. And those impediments are most likely long-lasting. It behooves us all – academics, businesspeople, companies, cultures, countries, and networks thereof – to address these impediments.

Part II. NEGOTIATION, ECONOMICS, AND CULTURE

Trade is a fundamental human behavior that has always been conducted through negotiation. With the advent of money came a distinction between buyers and sellers, and this distinction is loaded with cultural nuance. For example, in American commerce we have the dialectic: “let the buyer beware” versus “the customer is always right.” Indeed, both sound right to most Americans. But the Japanese corollary is different: “Everywhere the buyer is king, but in Japan the buyer is ‘king.’” That is, hierarchy is paramount in Japanese society, and buyer-seller relationships are better characterized by indulgent dependency (*amae*) than in all other countries. Typically, Japanese sellers make long presentations then accede to Japanese buyer’s wishes without objections, because they can trust buyers to take care of them in the long run. This paper takes a broader view of such cultural differences and their impact on buyer-seller negotiation processes and outcomes.

In their ongoing review of the negotiation literature Lewicki, Barry, & Saunders (2016) point out that negotiation processes and outcomes are influenced by a long list of environmental factors including the three we consider in this study – cultural differences and both internal and external political circumstances. We focus on the last, that is, the impact of U.S. sanctions on negotiation processes and outcomes across six cultural groups (i.e., northern China, southern China, Cuba, the Czech Republic, Iran, and the Soviet Union) among the twenty-one in our database.

The Cuban Case

Most empirical studies of the effects of economic sanctions skim the surface of consequences in targeted countries – that is counting things such as declines in GDP or in female longevity. One of the contributions of this study is an in-depth reporting of pertinent commercial structures and functions in contemporary Cuba from the Cuban perspective.

After the success of the Cuban revolution in 1959, the breaking-off of diplomatic and commercial relations with the United States, and the U.S. embargo on the island, Cuba began to trade with the USSR and the cluster of socialist countries of Eastern Europe. Since then, Cuba has adopted a centrally planned economy, characterized, according to Torres (2016a), by a low level of outward openness due to the state's control over foreign activity through the monopoly of international trade; and the predominance of trade with other socialist countries, facilitated by the existence of coordination mechanisms and trade agreements made with The Council for Mutual Economic Assistance (CMEA or COMECON) countries.

The centralization of the economy, coupled with the U.S. trade embargo, meant that managers learned the rituals of international economic transactions, as Torres notes: “This extreme concentration of trade within the CMEA contributed significantly to the fact that trading houses only slowly acquired new practices in international trade and remained far behind the rest of the world. Sales to the socialist countries were guaranteed through plans and intergovernmental agreements. This created an additional barrier once this preferential scheme disappeared” (2016a: 173).

In the last decade of the 20th century, the USSR and the CMEA dissolved. However, the permanence of the American trade embargo and the central planning of the Cuban economy fostered a long-term effect of similar cooperative mechanisms among the allied countries.

Torres states: “In general, we can say that U.S. policies contributed decisively to isolate the country, leaving virtually no options to the Cuban government, pushing it toward its [former] allies in the CMEA, and justifying the conservative policies that deepened in the second half of the 1980s. The same has occurred since the late 1990s. Given Cuba’s disadvantaged situation in the international market, trade has been concentrating on countries that offer certain advantages or special arrangements such as Venezuela, China, Russia, or Brazil” (Torres, 2016a: 174). This is reaffirmed by Torres (2019) when he goes on to state: “In the international sphere, the tendency to concentrate economic relations on partners who offer unusual guarantees and preferences has not changed. The high risk of this type of government-to-government contracting lies in the dependence on the client's political cycle, which is exacerbated if the agreement contains any preference clauses. In a typical trade agreement, this risk would be significantly diminished.”

However, internal commercial negotiations do not follow this same pattern, because of the centralization of the economy. The various types of relations established between entities (e.g., buying and selling, cooperatives, and commercial association) have been characterized by the substitution of commercial relations (monetary-mercantile) for others of an administrative type with a high degree of verticality and hierarchy. That has led to economic autarchy and low inter-institutional cooperation (Torres, 2018). Thus, negotiation processes between buyer and seller are deeply and accordingly impacted.

Additionally, Triana (2018) stresses that the business environment in Cuba remains inflexible with little independence for Cuban state-owned companies to decide on price determination, purchases, business expansion, new products, exports, profit margins, and reinvestment of profits. Torres (2018: 38) agrees: “In practice, the horizontal relations between

entities respond primarily to the institutional structure, determined by central ministries and institutes and their respective territorial representations. All this accompanies the limited autonomy in which the companies develop the decision making and the weak integration of the different forms of property, which accounts for the internal disarticulation of the economy.” The low levels of inter-institutional cooperation in Cuba remains greater than in many countries at similar levels of development.

Díaz reinforces the cultural nature of the mechanisms and instruments of negotiation when she points out that, even after several attempts to grant higher powers to Cuban companies, "...there are core processes of business management that maintain a high level of centralization, such as the centralized choice of suppliers, the central planning of surplus sales, and the existence of a rigid and bureaucratic plans" (2018: 205).

Another consequence of sanctions is shortages in target countries. For example, both Iran and Cuba have experienced GDP declines of over twenty percent (World Bank, 2020) associated with U.S. economic sanctions. This lack of economic productivity brings with it a variety of shortages. Such shortages in Iran and Cuba together with the aforementioned centralization of the Cuban economy, have given the domestic sellers in both countries (i.e., the socialist state enterprises) great advantages and asymmetrical powers in the internal negotiations. This is reflected in the system of relations between Cuban companies, very specifically in the dynamics of pricing. In this regard, González (2018) points out how the methods of price formation for national production are established by law and expressed in Resolution 20/2014: 59:

Article 5a: "Wholesale prices must guarantee total recovery of the costs and expenses of production and services, the corresponding fiscal obligations and also ensure a level of profit."

Article 35: "The effects of variations in the external market prices of raw materials and inputs contained in products and services must be transferred to the wholesale prices determined by expenditure methods."

These mechanisms omit from price formation the role of the market, which limits, and in turn makes unnecessary, the adjustment between supply and demand, and the role of negotiations between sellers and buyers. Moreover, the client is the one who must bear the increases in production costs, on a mandatory basis, whether the production is efficient or not. Torres (2016b) concludes that the system turns its back on the client.

All the above suggests that even after the dissolution of the USSR and the CEMA, Cuba maintains substantial differences with the economies of mercantile cultures. Torres (2019) confirms that many of the structural problems of the Cuban economic model persist even after the reforms proposed by Raúl Castro's government since 2007.

Notes from Other Sanctioned Countries

We see strong similarities the commercial systems in other sanctioned countries.

Contemporary Iran. Iran has witnessed some of the toughest political and economic sanctions in history. The hostage crisis of 1979-1981 initiated such restrictions on the newly revolutionized Iran. The situation was much exacerbated since the election of Donald Trump as president. Iran's support of anti-government groups in some countries and the pursuit of nuclear activities have convinced the present American government to escalate embargoes against the country. Although not all other countries are willing to accompany the U.S. in sanction regimes against Iran, the consequences of such restrictions in peoples' lives are evident. The oil-rich country has faced a dramatic devaluation of its currency in the past years. Having less access to a broader pool of trade partners has forced the traders to be dependent on lower quality products

and services from less reliable international resources. Curbing the oil exports has caused budget deficits in many sectors. Less access to modern aviation technologies has kept the age of the commercial fleets high. Lack of imported medicine and medical equipment, in some cases has threatened lives of the sick. Food health issues regarding imported products have obsessed people for years as reliable foreign producers are hard pressed to collaborate and to deliver to Iran. Financial relations with overseas banks are limited and alternative solutions for money transfer have led to remarkable price increase. Visa issuance for Iranians has troubled many. In fact, attending international conferences and publication of scientific works originated from Iranian institutes seem to be harder than ever. Travel bans have impacted governmental bodies as well. There have been systematic plans for countertrade, oil for food, medicine and other necessary equipment with so-called “friendly” countries as exchanging hard currencies with Iran is problematic. Monopoly is ubiquitous almost everywhere.

The worst of all is the concentration of nearly all political, economic, and social affairs in the capital city, Tehran. Deliberately or not, such concentration has portrayed the capital as the “utopia” for many Iranians which has caused over-expansion and over-population of the city. Meanwhile, monopolistic media which is controlled through government budgeting is advertising and idolizing life styles and celebrities affiliated with this megalopolis. There is, therefore, the fear of subtle “racism” in the country as the media tends to propagate the notion of superior citizens over others around the country. In brief, the evidence from Iran suggests the economic sanctions go far beyond their basic political goals and affect even social systems of the targeted countries.

China. A glimpse of conditions in China before PNTR and WTO membership in 2000 is provided by Adler, Brahm & Graham (1992): “The PRC is an important case because, despite

the recent political setbacks associated with Tiananmen Square, prospects for penetrating one of the world's largest markets continue to burgeon." Macdougall provides an even earlier perspective: "Trading with the Chinese is difficult, even for the initiated. Not only is there the difference in the organization of trade that exists between a planned and a market economy, but also there is a host of other dissimilarities which arise from the gulf between the cultures of East and West!" Moreover, Lam and Graham (2007) have comment on persistent differences in negotiation styles among the businesspeople in Beijing, Shanghai, Guangzhou, Hong Kong, and Taiwan regions.

Kale (1986) roughly contemporaneous remarks about industrializing countries in general are pertinent as well: "...a shortage of foreign exchange, increased imports relative to exports, an increasing in governmental planning and administrative expenditures and a rigid, cumbersome control apparatus. The combined effect of all these factors seems to have generated a demand for goods and services greater than supply. In other words, this has given rise to what is commonly referred to as a *sellers' market*."

The Soviet Union. Graham, Evenko & Rajan (1992) explained: "Before 1988, all international trade was exclusively controlled by a few dozen foreign trade organizations (FTOs). Foreign companies buying from or selling to Soviet state enterprises were required to negotiate with FTO personnel as well as enterprise representatives. In April of that year, Gorbachev began to allow foreigners to call directly on enterprise managers... The transition toward a market economy is not an easy one for enterprises in the Soviet Union or for Western firms seeking to enter into exchange relations with them. One of the key problems is a general lack of understanding regarding the fundamental business process of face-to-face buyer-seller

negotiations.” We also note that in 1989 particularly annoying shortages riled the Soviet people and therefore the Gorbachev administration – both sugar and soap were hard to find.

In an interview conducted in Moscow (see Hamilton, 1989) during his data collection Graham explained, “One Moscow businessman, who was asked to take part in a marketing exercise [Kelley’s 1966 bargaining simulation], was eager to help but a little mystified. ‘You gave us all this information, but I don’t understand? You didn’t tell me what price the goods are supposed to sell for.’ Graham responded, ‘That’s what bargaining is all about. You have to see what the market will bear.’”

Lastly, the reader will notice the lack of information about negotiation styles in the Czech Republic (still referred to as Czechoslovakia at the time of data collection in 1991).

A Quick Summary

This literature suggests economic sanctions affect negotiation processes and outcomes in target countries in at least five ways. First, the commercial isolation associated with sanctions prevents managers in target countries from learning the nuances and rituals of international economic transactions. For example, in Cuba that has meant small numbers of trade representatives of state-owned companies working with partners in only a very small number of other nations (Torres, 2016a). Second, sanctions create economic decline and shortages in target countries. For example, shortages provide *sellers* more power in buyer-seller negotiations. Third, based on their laboratory experiments, Fehr & Rochenbach (2003) reported that sanctions can reduce future cooperation in targets. They further argue that this effect relates broadly, even in commercial transactions. Thus, it is suggested an explanation for the often observed lingering negative effect on cooperation in subsequent international interactions.

Fourth, buyer-seller negotiation processes can be thought of as culturally determined rituals. Indeed, researchers have reported such rituals to be quite enduring, lasting more than a decade (Graham, Mahdavi & Fatehi-Rad, 2020). So, in the cases of countries targeted with sanctions, behaviors learned during the period of those sanctions may persist. “Sticky prices” in the economics literature is an apt metaphor.

Finally, all four of the circumstances described above will exacerbate effects of fundamental differences between centrally planned economies and the more common merchant cultures involved in international trade. Characteristic of historically Communist countries are philosophical aversions to both profits and the notion that prices should be determined by markets, not governments (Palacios, 2019). As manufacturers, particularly monopolistic ones (Triana, 2018), appreciate the efficiency of long production runs and economies of scale. Meanwhile, consumers and the invention (Torres, 2016b) demanded by them are disadvantaged.

On the other hand, a basic tenet of the Communist philosophy is cooperation and collective effort. Of course, its comparator in the United States is all about individual effort and incentives and competition. Oftentimes in command economies “informal market” development (Torres, 2016b) is enhanced by the international and long-lasting interpersonal relationships described by Salacuse (2019). Triana (2018) estimates Cuban consumers access such informal markets for some twenty percent of their purchases.

Part III. PROPOSITIONS, CONTROL VARIABLES, ANALYSES, AND RESULTS

We address the fundamental research question – how do U.S. economic sanctions affect internal commercial negotiations in targeted countries – using a database created by Graham, Mahdavi &

Fatehi Rad (2020) that provides parameters of negotiation styles in twenty countries from around the world. The methods applied in the negotiation style database are described in detail in the Appendix. In this study we add new data collected in Cuba, thus the sample size of twenty-one – six countries and regions sanctioned by the United States and fifteen not. The data in the Appendices are derived from over 1200 experienced businesspeople in the twenty-one countries and regions, all participating in the same two-party laboratory simulated buyer-seller negotiations to determine the prices of three consumer products.

As can be seen in Appendices B and C negotiation styles, that is, processes and outcomes varied widely across the twenty-one cultural groups. Indeed, this is a fundamental characteristic of the database – the existence of great diversity in how negotiation rituals work across the cultural groups.

Appendix A presents the negotiation process model tested in each of the countries and regions. The twelve variables shown in the model and listed in Appendices B and C are the dependent variables we consider in the current study. The first three (Appendix B) are derived from the agreements of the negotiators expressed as individual profits (\$) – averaged across all negotiators and separately for buyers and sellers. The next three are questionnaire measures of problem-solving approach (PSAn), interpersonal attraction (ATTn), and negotiator post-simulation satisfaction (SATp). Appendix C presents six PLS path coefficients as measures of the process of the negotiations derived from the analyses of the individual data for each cultural group. For example, in the bottom left-hand corner the .28** indicates that for the American participants negotiators' profits (\$n) were higher ($p < 0.05$) when negotiation partners used more problem-solving behaviors (PSAp). The data presented in Appendix C provide glimpses of how

negotiation processes vary across the twenty-one groups, in particular, each parameter estimate represents the degree of moderation when compared across the groups.

The independent variable in the study is a recent experience of comprehensive economic sanctions applied by the United States. We found Hufbauer et al. (1997) most useful in selecting the six cultural groups sanctioned by the United States. Most helpful, based on their analyses of bilateral trade data from 1985, 1990, and 1995, they identified three degrees of economic sanctions: limited, moderate, and extensive. Among the twenty-one regions and countries in the database, they classified four as experiencing “moderate” and two “extensive” sanctions (the latter are labeled as “Level 2” in the current study). The six cultural groups that fit that description are listed separately in Appendices B and C with Cuba and Iran at Level 2.

Research Propositions

Since there are no comparable studies of this phenomenon, testing of clearly stated hypotheses is inappropriate. Rather, just below, we briefly outline our *a priori* expectations for the impact of sanctions (or not) on negotiation behaviors and processes across the twenty-one cultures in the database.

1. In sanctioned countries negotiators' profits (\$ π) will be lower (Torres, 2016a).
2. Sanctions will diminish buyers' profits (\$ b), Triana (2018) and Palacios (2019).
3. Negotiators in sanctioned countries will report lower levels of problem-solving behaviors (PSAn), (Fehr & Rockenbach, 2003).
4. In sanctioned countries relational outcomes, that is, interpersonal attraction (ATTn) and partners' satisfaction (SATp) will be diminished (Fehr & Rockenbach, 2003).
5. In historically Communist countries the moderating impact of profits (\$ π) will be lower across Paths 1 and 3 (Gonzales, 2018).

6. In historically Communist countries the relationship between interpersonal attraction (ATTn) and satisfaction (SATp) will be moderated (i.e., enhanced), Path 5 (Graham et al. 2020).
7. Sanctions will moderate (i.e., weaken) the relationship between negotiators' roles (buyer vs. seller) and profits (B/S → \$n), that is, Path 6 (Triana, 2018; Palacios, 2019).

Analyses

Our primary focus for determining the impact of economic sanctions on negotiation behaviors, processes, and outcomes is comparing the means of the twelve dependent variables across the sanctioned and not sanctioned groups using ANOVA.

In a secondary analysis we consider six control variables (covariates) and where appropriate we endeavor to disambiguate the results using regression analysis. That is, we are checking for potential alternative explanations for differences found. The six control variables we apply include:

- (1) Centrally planned economies at the time of data collection (CPE, a dummy variable)
- (2) World Governance Indicators (WGI);
- (3) years as GATT member (GATT)
- (4) KOF Globalization ranking (KOF), Gygli, Haelg, Potrafke, & Sturm, 2019)
- (5) Hofstede, Hofstede, & Minkov's (2011) individualism index (IND)
- (6) linguistic distance from English, West & Graham 2004 (LingDis).

Controls 1 and 2 are measures of internal political circumstances. All six WGI political indices (accountability, stability, effectiveness, regulatory quality, rule of law, and control of corruption) were added together with a Cronbach's α of .80. Controls 3 and 4 were measures of international

interaction. Controls 5 and 6 were measures of cultural differences with proven relationships to the variables in the database (see Graham et al. 2020).

Results

The results are reported in Tables 1 and 2. Among the twelve dependent variables, statistically significant differences between sanctioned and not sanctioned cultural groups are reported in Table 1. Both negotiators' profits (\$n) and profits for buyers only (\$b) were lower in the six sanctioned groups. The use of problem-solving approaches is higher in the sanctioned groups. Path 5 was stronger for the sanctioned groups – interpersonal attraction (ATTn) was more important in determining partner satisfaction (SATp) in the sanctioned countries. Meanwhile Path 6 was weaker for the sanctioned groups – role of the negotiator (buyer or seller) had no apparent influence on negotiators' profits (\$n).

Control Variables

In Table 2 we checked the explanatory power of the Sanctioned condition in competition with the various controls listed. We considered the best regression equations to be those in which both the regression model and the beta coefficients were statistically significant. Sanctions proved to be the sole useful independent variable in three cases –

Table 1
Descriptive Statistics and ANOVA Results
Independent Variable Is Level of Sanctions (0, 1, or 2)

Variables	Level	N	Mean (sd)	df	F	Sig.
<i>Negotiators' Profits (\$n)</i>	0	15	44.5 (2.20)	between	2	5.20 .016
	1	4	43.5 (1.77)	within	18	
	2	2	39.4 (2.33)	total	20	
	total	21	43.9 (3.30)			
<i>Buyers' Profits (\$b)</i>	0	15	46.8 (2.74)	between	2	7.91 .003
	1	4	44.8 (1.49)	within	18	
	2	2	39.4 (1.13)	total	20	
	total	21	45.7 (3.26)			
<i>Sellers' Profits (\$s)</i>	0	15	42.3 (2.71)	between	2	1.47 .256
	1	4	42.3 (3.06)	within	18	
	2	2	38.8 (2.62)	total	20	
	total	21	41.9 (2.83)			
<i>Partners' Satisfaction (SATp)</i>	0	15	14.8 (0.85)	between	2	0.04 .969
	1	4	14.7 (0.95)	within	18	
	2	2	14.7 (1.34)	total	20	
	Total	21	14.8 (0.85)			
<i>Problem-Solving Approach (PSAn)</i>	0	15	9.8 (0.63)	between	2	2.99 .076
	1	4	10.9 (1.43)	within	18	
	2	2	9.9 (0.35)	total	20	
	total	21	9.9 (0.89)			
<i>Negotiators' Attractiveness (ATTn)</i>	0	15	12.0 (0.69)	between	2	1.17 .334
	1	4	12.2 (0.51)	within	18	
	2	2	12.8 (0.35)	total	20	
	total	21	12.1 (0.65)			
<i>Path 1</i> PSAp → \$n	0	15	.135 (.197)	between	2	0.41 .670
	1	4	.229 (.193)	within	18	
	2	2	.075 (.417)	total	20	
	total	21	.146 (.208)			
<i>Path 2</i> PSAn → SATp	0	15	.012 (.258)	between	2	0.26 .776
	1	4	-.080 (.175)	within	18	
	2	2	.055 (.403)	total	20	
	total	21	.001 (.247)			
<i>Path 3</i> PSAn → \$n	0	15	-.068 (.211)	between	2	0.14 .868
	1	4	-.013 (.046)	within	18	
	2	2	-.030 (.127)	total	20	
	total	21	-.054 (.184)			
<i>Path 4</i> PSAn → PSAP	0	15	.097 (.332)	between	2	0.11 .893
	1	4	.001 (.518)	within	18	
	2	2	.050 (.269)	total	20	
	total	21	.074 (.076)			
<i>Path 5</i> ATTn → SATp	0	15	.475 (.151)	between	2	3.24 .063
	1	4	.693 (.177)	within	18	
	2	2	.500 (.099)	total	20	
	total	21	.519 (.037)			
<i>Path 6</i> B/\$n → \$n	0	15	.212 (.156)	between	2	3.98 .037
	1	4	.011 (.081)	within	18	
	2	2	.035 (.025)	total	20	
	total	21	.157 (.035)			

Table 2
Control Variables, Correlation Coefficients (sig.) for 21 Groups

	<u>Internal Political</u>			<u>External Political</u>		<u>Cultural Variables</u>	
	Sanctioned Levels 0, 1, 2 n=21	Centrally Planned Economies (CPE), n=21	World Governance Indicators (WGI), n=21	GATT Membership Tenure, n=21	KOF Globalization Index, n=20	Individualism Index (IND), n=20	Linguistic Distance (LingDis), n=21
<i>Negotiators' Profits (\$n)</i>	-.563** (.008)	-.332 (.142)	.362 (.107)	.221 (.335)	.339 (.144)	.182 (.441)	-.060 (.795)
<i>Buyers' Profits (\$b)</i>	-.668** (.001)	-.364 (.105)	.332 (.141)	.231 (.313)	.405* (.077)	.055 (.816)	-.037 (.874)
<i>Sellers' Profits (\$s)</i>	-.234 (.307)	-.172 (.455)	.266 (.244)	.132 (.569)	.135 (.569)	.242 (.304)	-.066 (.776)
<i>Satisfaction (SATp)</i>	-.059 (.800)	.086 (.710)	-.309 (.172)	.210 (.362)	-.280 (.231)	-.133 (.577)	.113 (.626)
<i>Problem-solving Approach (PSAn)</i>	.267 (.241)	.484** (.026)	-.489** (.024)	-.479** (.028)	-.452** (.046)	-.678** (.001)	.474** (.030)
<i>Negotiator Attractiveness (ATTn)</i>	.319 (.158)	.198 (.389)	-.510** (.018)	-.009 (.968)	-.496** (.026)	-.044 (.852)	.063 (.785)
<i>Path 1</i> PSAp→\$n	.012 (.958)	.298 (.190)	.069 (.768)	.234 (.307)	.224 (.343)	.219 (.353)	-.144 (.534)
<i>Path 2</i> PSAn→SATp	-.027 (.906)	-.253 (.269)	.081 (.727)	.105 (.152)	.010 (.968)	.308 (.187)	-.462** (.035)
<i>Path 3</i> PSAn→\$n	.104 (.059)	.059 (.798)	.032 (.891)	-.291 (.201)	-.131 (.583)	-.337 (.147)	.146 (.527)
<i>Path 4</i> PSAn→PSAp	-.084 (.719)	-.166 (.472)	.080 (.730)	.252 (.270)	.216 (.360)	.396* (.084)	-.590** (.005)
<i>Path 5</i> ATTn→SATp	.275 (.228)	.507** (.019)	-.453** (.039)	-.474** (.030)	-.283 (.227)	-.504** (.023)	.446** (.043)
<i>Path 6</i> B/\$n→\$n	-.495** (.023)	-.482** (.027)	.152 (.510)	.181 (.432)	.241 (.307)	-.089 (.710)	.012 (.961)

**p<0.05, *p<0.10

explaining the variation in negotiators' profits (\$n), buyers' profits (\$b), and Path 6 (the relationship between role of the negotiator – buyer or seller – was moderated, that is, weaker for the Sanctioned groups).

In the equations where problem-solving (PSAn) and Path 5 were defined as dependent variables, the control variables dominated the sanctioned variable when included in the regression analyses. Indeed, the combination of centrally planned economies (CPE) and individualism (IND) performed best in explaining the variance in PSAn and Path 5 with adjusted R²s of .505 and .336, respectively. All betas and the two regression equations were statistically significant at $p < 0.07$.

Part IV. DISCUSSION

Limitations of the Study

A Sample Size of Twenty-One. The limitations of our work are many. A sample size of twenty-one tends to artificially inflate correlation coefficients. More cultures and countries need to be studied systematically. Prominent gaps in our coverage are the Netherlands (a most inventive place) and cultures in India and Africa. Adding data from additional sanctioned and non-communist countries such as Myanmar or Pakistan would also help disambiguate the influences of central planned economies vs. sanctions.

The Laboratory Setting. We have the limitations of Kelley's (1966) simulation. It is not surprising that businesspeople and managers acculturated in an environment of central planning will not understand a buyer-seller simulation involving profits. Thus, are we seeing a methodological artifact or a research finding? Also, the transactional/task-related/informational biases in Kelley's simulation and the larger global literature on negotiation ignore *the creativity of long-term relationships* as the most important outcome of commercial negotiations. The good

news is that negotiation scholars are now beginning to respond to this crucial omission (e.g., Crotty & Brett, 2012; Gelfand et al. 2015; Graham, Lawrence, & Hernandez, 2014).

Potential History Effects. One of the reviewers of this paper specifically asked about history effects. We see little evidence of this problem in the data we have used in the study despite this 38-year span of collection. Please see Appendix D for a listing of the countries/regions and the dates of data collection. When we looked at the correlation coefficients between year-of-data-collection and the twelve dependent variables we found two to be statistically significant, allowing for the argument in favor of confounding history effects: year/negotiators' profits (\$n), $r = -.685$ ($p < 0.01$) and year/buyers' profits (\$b), $r = -.675$ ($p < 0.05$).

Both these correlation coefficients suggest that over time negotiators around the world were producing lower profits? Such an explanation defies the profusion of integrative bargaining courses and books over the 38-year period. More likely, this effect is a consequence of the order in which countries for replication were selected, starting with major industrialized trading partners such as Japan, Canada, and northern Europe. Indeed, the correlation coefficient between year of data collection and sanctions is very high, $r = .785$, $p > 0.001$. Obviously collection of data in sanctioned countries was delayed and more difficult for a number of reasons. For example, John Graham was interviewed by two FBI agents at his office at the University of Southern California before his 1989 trip to collect data in the Soviet Union.

Particularly in Appendix D the long gap of almost two decades before data collection in Iran and Cuba stands out. When we excluded those two sets of data we found no statistically significant ($p > 0.05$) relationships between year of data collection and either negotiators' or buyers' profits (\$n or \$b). However, a strong decline in buyers' profits in sanctioned countries

remained evident (year/\$b, $r = -.479$, $p > 0.05$), even though the data from Iran and Cuba were excluded from that analysis.

We also compared profits (\$n) over the seven waves of data collection for the 160 American participants: for the 1979 group (n=38) the average profits were 44.6 and for the 1987-1991 groups (total n = 122) the average was 45.0. The difference is neither practically or statistically significant over the decade of data collection. Indeed, the means for negotiators' profits (\$n) over the seven waves were, in order, 44.6, 43.3, 44.9, 44.9, 43.7, 46.6, 44.0, representing remarkable consistency.

Moreover, the dates of data collection in all six of the sanctioned countries ensure a *recency* of impact. That is, all the data were collected in the six sanctioned countries while they were experiencing trade sanctions by the United States. We also note the timing of the data collection in the two Chinese groups. The effects of sanctions appear a bit lighter in Tianjin (northern China, PRC_N) vis-à-vis Guangzhou (southern China, PRC_S). As mentioned earlier, the data were collected in Tianjin and Guangzhou, respectively, before and after the 1989 Tiananmen Square incident which prompted additional sanctions by the United States and other countries. All this suggests that using the data collected over the decades, while not ideal, is an unavoidable and acceptable weakness of the study.

This brief discussion above about history effects and the lack thereof, also carries with it an important implication. Negotiation style appears very consistent within groups over time. Moreover, the continuing systemic validity of Hofstede's work on cultural values – his indices are based on data collected in 1967-1973 – supports the idea that culture can be very durable. Thus, an interesting future research opportunity would be a replication of the study in Russia. Have the dramatic changes in the political systems there since 1989 affected negotiation

behaviors, processes, and outcomes? It will also be interesting to see if young Americans' time spent with screens will affect face-to-face negotiation behaviors in the proximate future (Turkle, 2016). For that matter, perhaps COVID-19 will affect international negotiation behavior?

Interpretation of the Findings

Consistent with Graham et al. (2020) the cultural values variables substantially affected the patterns of our findings. Particularly, Hofstede's et al. (2011) individualism index (IND) influenced negotiators' problem solving (PSAn) and other relational aspects (cf. Gelfand et al. 2006) of the model. That is, negotiators from the more individualistic countries such as the United States and Germany tended to behave less cooperatively than their Japanese or Cuban counterparts.

We also note the potential value of individualism and linguistic distance from English (West & Graham 2004) as proxies for a Relationship-Orientation versus Transaction-Orientation construct (cf. Graham et al. 2020). Here linguistic distance was found to moderate (cf. Gelfand, Severance, Lee, Bruss, Lun, Abdel-Lati, Al-Morghazy, & Admed, 2015) the strength of the coefficients represented by Paths 2, 4, and 5. For example, this suggests that for cultural groups with languages farther from English (e.g. Russian vs. German) the relationships between a negotiators' problem-solving approach and partners' satisfaction (PSAn \rightarrow SATp) was found to be both positive and stronger. Furthermore, linguistic distance can be determined for some 7000 languages. And its best attribute is its ease of measurement for groups and/or individuals – the simple question, “What is your native tongue?” Of course, there are issues related to bi- and multilingual research participants, but those can be sorted out in future studies.

With respect to the primary focus of the study – the influence of sanctions on negotiators' economic performance – our central findings are novel and quite clear: Buyers' profits were

diminished in sanctioned cultural groups. Even though there is no inherent advantage in the structure of the negotiation simulation, generally non-sanctioned buyers achieve higher economic outcomes in the simulation. Apparently, negotiators in most countries are making an assumption that the buyer is in an advantageous position. This assumption seems not to be made in the sanctioned cultural groups. In both centrally planned economies and in shortage circumstances such as in Cuba and Iran sellers are expected to have more control in exchanges.ⁱⁱ And this culturally learned norm, this bias so to speak, appears to affect behaviors at the level of the individual negotiators in laboratory simulations. So an important contribution of this study is confirmation of Clegg's (2019) that policy affects behavior. The study also provides the details of a plausible mechanism of why that is so, including explanations that are congenial with the views expressed by participants and observed in sanctioned countries (e.g., Diaz, 2018; Torres, 2017-19, Triana, 2018; and Palacios, 2019).

We also see *no evidence* that negotiators in sanctioned countries behave less altruistically and less cooperatively as suggested by Ferh and Rockenbach. But, of course, we measured PSA in intracultural interactions. Negotiators in sanctioned countries may indeed be less cooperative in negotiations with businesspeople from sanctioning countries.

Broader Implications

Finally, we speculate about implications for international relations. In almost all cases the “stated”ⁱⁱⁱ purposes of economic sanctions are to promote human rights, justice, and peace internationally. It is an axiom of international relations that commerce causes peace (cf. Polachek, 1997). Adam Smith (1776) observed in *The Wealth of Nations*:

...commerce and manufactures gradually introduced order and good government, and with them the liberty and security of individuals, who had before lived almost in a continual state of war with their neighbors, and of servile dependency upon their superiors. This, though it has been the least observed, is by far the most

important of all their effects. Mr. Hume is the only writer who, so far as I know, has hitherto taken notice of it.

Economic sanctions are the antithesis of commerce. They seldom achieve their short-term and proximate purposes. The unintended negative consequences of their imposition are often grave, widespread, and long-lasting. If our discoveries in this study are accurate, sanctions do long-term damage to the human resources infrastructure for international trade, thus impeding commercial interactions, peace, and prosperity.

The key implication for both government officials and business managers regards the need for training in cultural differences that will manifest themselves in international negotiation, in both commercial and political settings. Such training will be particularly appropriate once sanctions are terminated, and the business of recovery must be spurred for all parties' benefit. Here the notion of interdependence is key (Ozdamar & Shahin, 2021). Such a program is elaborated by Graham & Hernandez (2016). The ideal program would involve, for example, a mix of American and Cuban businesspeople in simulated negotiations. The interactions might be videotaped and each side would give the other feedback on the important adjustments to make. New concepts such as inventive negotiations that emphasize tools of creativity within the context of long-term commercial relationships will be most helpful, and have already been well received in the United States and Cuba, and in other countries as well. This approach also recognizes that American negotiators are hobbled by their own cultural background of an inefficient blend of competitive and integrative bargaining (Graham et al., 2014).

International commercial negotiations are the great opportunity of our time. Invention and human progress are boosted by three circumstances relevant to this study: (1) The diversity inherent in international trade; (2) long-term, cooperative commercial and personal relationships; and (3) a buyer's advantage. In this last respect, consumers are monopolists' (both the capitalistic

and governmental sorts) greatest adversaries. In order to exploit international diversity and long-term relationships we must learn to understand how to communicate across the complex cultural differences and political pitfalls as represented by and in the twenty-one-culture database.

Awareness of the differences is a good start.

Finally, an old diplomatic saw says, “Nothing is between rhetoric and war except sanctions.” This is incorrect. The better alternative is their opposite, inventive negotiation which seeks to identify and exploit mutual commercial opportunities. Indeed, that is what President Obama offered in his 2016 speech to the Cuban people and interested Americans, “...our growing engagement with Cuba is guided by one over-arching goal, advancing the mutual interests of our two countries.” He thus suggested an inventive negotiation approach for both sides.

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APPENDIX. DEVELOPMENT OF A DATABASE OF DEPENDENT VARIABLES

The database we employ in the study provides representations of how businesspeople in twenty-one cultural groups behave in a buyer-seller negotiation setting. The database contains valuable information on the individual cultures. These data also provide a new way to discover patterns of variation across cultures in negotiation behaviors, processes, and economic outcomes data.

A crucial frame for our study is “buyer-seller negotiations.” Much of what we have learned from this database is generalizable to other social-exchange settings such as labor-management disputes, political negotiations (e.g., arms or trade treaties), or who in the household takes out the garbage. However, three characteristics of buyer-seller negotiations limit the generalizability of our findings in this study. First, in buyer-seller negotiations money (an easily quantifiable economic good) is exchanged for products or services. Second, the roles of buyers and sellers are often imbued with distinct responsibilities. For example, sellers almost always make first offers. Also, more risk is assumed by buyers because payments to sellers are “money in the bank” while costs of holding inventories tend to be more volatile. Third, the frameworks of conflict resolution, problem-solving, integrative bargaining, and even win-win negotiations that have been used in this work are ill fitted for international commerce where most often the imbedded diversity leads to inventive, long-term arrangements, and the potential for the fastest human progress. Think of the decades-long history of the Apple-Foxconn relationship, for example.

Questionnaire and Negotiation Outcome Measures Collected Post Hoc

A second fundamental framework for the development of the database was a six-construct structural equations model (SEM) that tracks behaviors, processes, and outcomes of buyer-seller negotiations: The validity of a problem-solving model of buyer-seller negotiations was explored by Graham, Mintu & Rodgers (1994) and Graham et al. (2020). The theoretical model employed is represented in Appendix A. The central construct in the model is a Problem-Solving Approach (PSA) in negotiation. Among the several conceptually overlapping terms such as representational, cooperative, direct/open bargaining, questions and answers (Q&A), and soft-line strategies, *integrative bargaining*, is perhaps the most commonly used label currently. The PSA approach emphasizes asking questions and exchanging information about negotiators' and their partners' needs, preferences, and interests in order to achieve mutually beneficial outcomes. This is often seen as the opposite of *distributive bargaining*, sometimes referred to as individualistic, competitive, substantiation and offers (S&O), or hard-line approaches to negotiation (cf. Pruitt, 1981).

Individual profits comprise the economic outcome. The model includes relational constructs as well – interpersonal attraction and negotiator satisfaction, both of which hold implications beyond the immediate transaction. Theoretical support for the six hypothetical causal paths was described in great detail in Graham et al. (1994), and is only briefly portrayed here:

Path 1. Negotiators' individual profits are positively affected when partners use strategies that are more oriented toward problem-solving (PSAp → \$n).

Path 2. Partners' expressed satisfaction with agreements is positively affected when negotiators use strategies that are more oriented toward problem-solving (PSAn → SATp).

Path 3. Negotiators' individual profits are negatively affected when negotiators use strategies that are more oriented toward problem-solving ($PSAn \rightarrow \$n$).

Path 4. Negotiators' use of strategies that are oriented toward problem-solving positively influences partners to use strategies that are oriented to problem-solving ($PSAn \rightarrow PSAp$).

Path 5. Partners' satisfaction is positively affected by negotiators' attractiveness ($Attn \rightarrow SATp$).

Path 6. Buyers achieve higher individual profits than do sellers ($B/Sn \rightarrow \$n$).

While the various tables comprising the database portray *cultural group averages*, those averages were developed through analyses of *individuals' behaviors* in each cultural region. That is, the fundamental unit of analysis has been an individual negotiator_n who has a negotiation partner_p (some might say opponent). Their individual outcomes across the negotiators and their partners are most often distinct. So, one case includes information from both the negotiator and her/his partner's questionnaire. In the analyses reported in the present study above we compare and contrast the group averages.

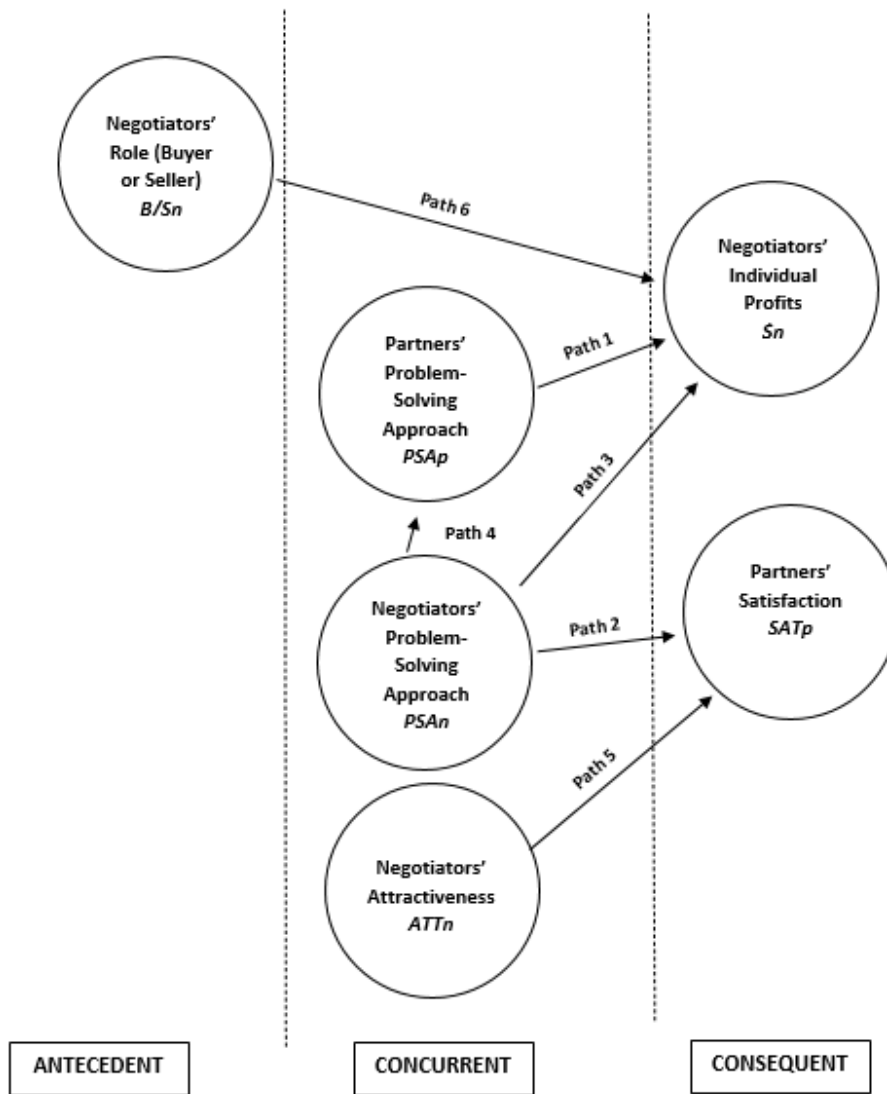
Graham et al. (1994) used 700 businesspeople from eleven cultures as participants in a marketing negotiation simulation (i.e., Kelley's (1966) three-product, mixed-motive, buyer-seller game). The simulation included bargaining over the prices of lots of three products, each price level coinciding with different profit levels for buyers and sellers. Log-rolling allows larger joint profits, but each bargainer in the dyad achieved separate and usually different profits. There was a one-hour time limit, but the average time spent negotiating varied around 35 minutes.

All participants were at least 25 years old and had at least two years of full-time work experience in their respective countries. The average age across groups was over 30 years, and work experience over 7 years. All negotiators were participants in either MBA or executive education programs and volunteered for the research project.

The participants completed questionnaires following the simulation yielding measures of PSAn (using three 5-point scales), interpersonal attraction (ATTn, using three 5-point scales), and negotiator satisfaction (SATp, using four 5-point scales). Individual profit levels achieved (\$n) were recorded for each negotiator. Please see the 1994 article for a detailed description of the methods used. The Appendix in the 1994 paper includes the mirror-image payoff matrices for both the buyers and sellers as well as the questionnaire measures of the key constructs.

Data were collected using identical methods in ten additional cultures. Analyses of the data from three cultures – Brazil (n=70), Japan (n=44), and Spain (n=56) – were reported in Graham & Mintu-Wimsat (1997). Graham (1995) reported results from a similar study in Norway (n=32). Graham et al. (2020) reported results from similar studies in southern China (Guangzhou area, n=25), Hong Kong (n=44), the Czech Republic (n=46), the Philippines (n=94), and Iran (n=86). Herein we report the novel and most recent data collected in Cuba (n=43). The data for all twenty-one cultural groups were collected around the world over a thirty-eight-year period. Despite the long time span of the data collection we see no evidence of history effects. This topic was discussed in some detail the Limitations section of the paper above. Thus, in Appendices B and C we display analytical results based on a total of 1240 participants from twenty-one different cultures and locations. The unit of analysis for this study is the cultural group.

Appendix A – A Model of Buyer-Seller Negotiations



Appendix B

Simulation Scores and Questionnaire Measures, 21 Cultural Group Means (s.d.)

Countries (n =)	Negotiators' Profit (\$n)	Buyers' Profits (\$b)	Sellers' Profits (\$s)	Satisfaction (SATp)	Problem-solving Approach (PSAn)	Negotiator Attractiveness (ATTn)
Sanctioned						
Cuba (43), Level 2	37.7 (11.2)	38.6	36.9	15.6 (3.0)	10.2 (2.3)	13.0 (2.0)
Czech R. (46)	42.2 (8.1)	42.3	42.0	14.0 (3.2)	9.0 (1.9)	12.1 (2.2)
Iran (86), Level 2	40.1 (10.6)	40.2	40.6	13.7 (3.1)	9.6 (2.7)	12.5 (2.9)
PRCs (25)	42.9 (11.3)	45.7	40.0	14.2 (3.9)	10.7 (3.1)	11.5 (3.1)
PRCs (40)	46.1 (8.6)	45.6	46.7	16.1 (3.3)	12.4 (2.3)	12.7 (2.0)
Russia (56)	43.0 (11.3)	45.4	40.5	14.6 (3.2)	11.4 (2.3)	12.4 (2.3)
Not Sanctioned						
Brazil (70)	46.4 (10.3)	47.3	45.5	16.6 (3.1)	10.4 (2.2)	12.8 (2.0)
Canada ^a (74)	45.2 (10.0)	47.9	42.5	14.6 (2.7)	9.9 (2.5)	12.5 (2.2)
Canada ^a (74)	43.2 (9.3)	42.3	44.1	14.8 (2.7)	9.3 (2.9)	12.2 (2.5)
France (48)	45.6 (12.3)	49.0	42.2	13.6 (2.3)	9.3 (2.0)	12.5 (2.1)
Germany (44)	40.9 (12.6)	42.8	39.0	14.0 (2.8)	9.1 (2.1)	10.9 (2.2)
Hong Kong (44)	46.9 (9.3)	49.2	44.7	14.2 (3.3)	12.3 (1.8)	11.3 (2.3)
Japan (44)	47.9 (7.7)	51.6	44.3	15.3 (3.4)	10.3 (2.2)	12.0 (2.0)
Korea, S. (40)	42.1 (11.2)	46.8	38.6	13.7 (2.8)	10.9 (2.7)	11.6 (1.9)
Mexico (68)	43.2 (13.1)	48.6	37.7	15.5 (3.0)	10.7 (2.3)	12.0 (2.3)
Norway (32)	42.7 (9.3)	43.9	42.1	15.4 (5.4)	9.7 (2.4)	12.6 (2.1)
Philippines (94)	42.8 (12.4)	44.5	39.5	15.9 (2.9)	9.6 (2.2)	13.1 (1.9)
Spain (56)	46.5 (12.0)	46.6	46.3	15.2 (2.9)	9.4 (2.0)	11.2 (3.1)
Taiwan (52)	42.2 (10.7)	44.3	40.1	14.1 (3.2)	10.3 (3.2)	11.4 (2.2)
United Kingdom (44)	47.2 (8.5)	50.0	44.3	14.5 (2.5)	8.5 (2.5)	11.4 (2.5)
United States (160)	44.9 (11.1)	46.8	43.5	14.6 (3.2)	9.6 (2.6)	11.9 (2.3)

Appendix C

Structural Equations Model, PLS Path Coefficients for 21 Cultural Groups

Countries	<i>Path 1</i>	<i>Path 2</i>	<i>Path3</i>	<i>Path 4</i>	<i>Path 5</i>	<i>Path 6</i>
<u>Sanctioned</u>	PSAp→\$n	PSAn→SATp	PSAn→\$n	PSAn→PSAp	ATTn→SATp	B/Sn→\$n
Cuba, <i>Level 2</i>	.37	-.23	-.12	-.14	.57**	.06
Czech Republic	.35**	-.19	-.12	-.19	.48**	-.01
Iran, <i>Level 2</i>	-.22	.34*	.06	.24	.43**	.01
PRC _S	-.05	-.02	-.04	-.65	.92**	.05
PRC _N	.37**	-.25**	.01	.44**	.65**	-.09
Russia	.24*	.14	.10	.40**	.72**	.10
<u>Not</u>						
<u>Sanctioned</u>						
Brazil	.12	.06	-.11	-.13	.42**	.05
Canada _ε	.30**	.18*	-.21	.46**	.32**	.18*
Canada _τ	.11	.07	-.01	-.30**	.52**	-.06
France	.24*	-.05	-.16	.27*	.57**	.29**
Germany	.23	.33**	-.19	.34**	.42**	.13
Hong Kong	-.27	-.39	-.07	-.39*	.33**	.18
Japan	-.09	-.07	-.15	.36**	.39**	.43**
Korea, S.	.05	-.17	.45**	.32**	.72**	.44**
Mexico	-.01	-.01	-.23**	.27**	.66**	.45**
Norway	.35**	.58**	.12	.43**	.28**	.00
Philippines	.32**	-.21	-.28**	-.24	.54**	.29**
United Kingdom	-.17	-.40**	-.12	.24	.59**	.29**
United States	.28**	.14*	-.01	.29**	.39**	.19**

**p<0.05, *p<0.10, all two-tailed tests

Appendix D
Dates of Data Collection by Group

1979	Japan, United States (first wave)
1980	
1981	Brazil
1982	
1983	Taiwan
1984	Germany, France, UK, S. Korea
1985	
1986	Canada ^F , Canada ^E , Mexico, <i>Tianjin</i> (northern China, PRC _N)
1987	
1988	Hong Kong, <i>Guangzhou</i> (southern China, PRC _S)
1989	USSR, United States (average date of 7 waves of data collection)
1990	
1991	
1992	<i>Czech</i> , Spain
1993	
1994	
1995	Philippines
1996	Norway
2015	<i>Iran</i>
2016	
2017	<i>Cuba</i>

ⁱ The term “businesspeople” carries shades of biases across cultures. We use it here for lack of a more globally understood term.

ⁱⁱ In working on this paper we can for the first time understand the glaring anomaly in Appendix C, the French Canadian apparent assumption of sellers’ advantage. Consumers there perhaps experience a *shortage* of culturally and linguistically appropriate goods and services because they are literally surrounded by powerful English speaking economic actors to the east, west, and south?

ⁱⁱⁱ Unfortunately stated purposes are often accompanied by unstated nefarious ones such as political control.