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Business Negotiations in Canada, Mexico, and the United States

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The determinants of business negotiations in three countries are investigated in a laboratory simulation. One hundred thirty-eight businesspeople from the United States, 68 from Mexico, and 148 from Canada (74 Anglophones and 74 Francophones) participated in a two-person, buyer-seller negotiation simulation. The negotiation styles of the Francophone Canadian and the Mexican businesspeople were found to be significantly different from both the American and Anglophone Canadian styles.

Introduction

Hundreds of studies of negotiation behaviors have been conducted over the years (cf. [32]). The associated theories are well formed. However, few times have these theories been tested using subjects other than American college students. Most recently, Graham [14] reports differences in business negotiating styles among American, Brazilian, and Japanese businesspeople. Tung [40, 41] found Japanese and Chinese bargaining behaviors to differ from those of Americans. Harnett and Cummings [16] examined differences in negotiation characteristics of European, Japanese, and American groups. Finally, Sheth [34] provides a useful theoretical context for studies of international negotiations.

In this study, business-negotiation behaviors of Americans are compared to those of our closest neighbors, Mexicans and Canadians. Mexico is America's third most important trading partner. Trade of merchandise across the United States' southern border amounted to more than \$30 billion in 1984. Canada and the United States have the largest bilateral trade relationship in the world. More than U.S. \$110 billion in merchandise was traded across our northern border during 1984. All this trade represents thousands of transactions, business negotiations between representatives of Canadian, Mexican, and U.S. firms. Yet we know almost nothing about the negotiation styles of businesspeople in these two neighboring countries.

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Although people throughout North and South America are literally Americans, for the sake of stylistic brevity, the term "American" will be used to refer to people from the United States of America. The term United States is also appropriate for Mexico (Estados Unidos Mexicanos is the United States of Mexico). However, here "United States" will be used to refer to the United States of America.

Two major cultural groups comprise Canada—Francophones (whose first language is French) and Anglophones (whose first language is English). Although the majority of Canadians are Anglophones, more than a quarter of the population (26%) resides in the French-speaking province of Quebec.

In addition to economic ties, Canada and the United States share much culturally. This has led many businesspeople and scholars to make the assumption that personal characteristics and behaviors during business negotiations would also be similar. One of the goals of this research is to shed light on the validity of this "assumption of similarity." Another goal of the study is to examine differences, if any, between the negotiating styles of Canada's two major linguistic groups. Many authors (e.g., [19, 20]) have discussed differences in business practices between Francophones and Anglophones. Do such differences manifest themselves during business negotiations?

Condon [8] has written an excellent book regarding differences in the Mexican and North American cultures. The title, *Interact: Mexicans and North Americans*, further affirms the common assumption of similarity in Canadian and American behaviors. Few sources of information are available that consider Mexican business negotiation styles (i.e., [9, 33]). Finally, to our knowledge, no empirical studies of business negotiations in Mexico have been reported.

Thus, the primary purpose of this study is to examine business negotiations in Canada and Mexico, and compare them to those in the United States. The basis of comparison is a negotiation simulation involving more than 60 businesspeople from each country and cultural group. Each participant was randomly assigned the role of either a manufacturer's sales representative or a retail buyer. Using their respective languages, bargainers sat face-to-face and negotiated prices for three products. The methods section will provide more details regarding procedures and participants.

The article includes four sections: First, the theoretical perspective of the article is briefly outlined. Second, the methods used in the study are described in detail. Third, the results of hypotheses testing are presented. Finally, the findings are interpreted and directions for future work are suggested.

Theoretical Perspective

A General Theory

The basic theoretical perspective underlying all hypotheses is drawn from social psychological and exchange theories (cf. [4, 31]). These theories, as with most psychological and management research, are based almost entirely on the characteristics and behaviors of Americans [1]. Briefly, three classes of constructs—bargainer characteristics, situational constraints, and the *process* of bargaining—determine negotiation outcomes. The last construct includes the strategies and behaviors bargainers use *during* the bargaining process itself. This work focuses

on the influence of culture (a bargainer characteristic) on bargaining strategies (a process measure) and negotiation outcomes (the dependent variables). One situational constraint is considered in this study—the role of the negotiator, buyer or seller.

Constructs

Negotiation Outcomes. In practice, researchers often find outcomes of business negotiations difficult to measure and compare. Sale versus no sale, one obvious measure of bargaining effectiveness, has been used by Pennington [28] in a field study of buyer–seller interactions. However, researchers have sought richer measures that make possible comparisons with a variety of effectiveness criteria. Different studies have operationalized negotiation outcomes in a number of ways. In the hundreds of bargaining experiments conducted by social psychologists, an often-used measure is profits attained by bargainers in negotiation simulations (cf. [32]). Moreover, *profits* (both individual and joint) in negotiation simulations have been used as dependent measures in business studies (e.g., [7, 11, 14]). In the present study profits of both buyers and sellers are considered.

Negotiator *satisfaction* is an important measure of success of interorganizational transactions. Buyers who become dissatisfied with agreements are apt to return goods, or at least look for goods and services elsewhere in the future. Sellers who become dissatisfied may seek different, more satisfying, kinds of work. Dwyer [10] has developed and tested the reliability of a scale for measuring satisfaction of bargainers that seems appropriate for use in laboratory studies. The scale includes three dimensions of satisfaction: 1) satisfaction with rewards; 2) satisfaction with partner's rewards; and 3) satisfaction with own performance.

Bargainer Characteristics. The present study focuses on determining the influence of bargainers' culture on the process and outcomes of business negotiations. *Culture* has been a difficult concept to use in any consistent, scientific way. Anthropologists and sociologists have argued over definitions for years. Perhaps the most widely accepted definition is that professed by Linton [24]: "A culture is a configuration of learned behaviors and results of behavior whose component parts are shared and transmitted by the members of a particular society." The important part of the definition for the present study is the idea that behaviors are *shared* by members of a particular culture. Or as Spiro [36] puts it, "members of a given society behave in uniform and predictable ways." A central goal of this study is to discover what shared behaviors manifest themselves during business negotiations in different countries.

Four other individual characteristics were considered in this study—generalized self-esteem, task-specific self-esteem, years work experience, and percentage of work involving contact outside one's firm. Operational measures of these variables and hypothesized relationships with negotiation outcomes are identical to those in Graham [14]. However, the four bargainer characteristics were found to be unrelated to negotiation outcomes for all four cultural groups in this study.

Process Variables. Bargaining strategies can be conceived to fall along a representational–instrumental continuum. This construct draws on two parallel re-

search traditions for its theoretical underpinnings. First, communication theorists have identified two modes of communication, representational and instrumental [2]. Representational communication behaviors involve the transmission of information, while instrumental communication behaviors involve influencing another party. Second, several researchers have investigated the influence of a cooperative-individualistic orientation, a *psychological state*, on the outcome of negotiations (e.g., [9, 32]). Angelmar and Stern [2] posit a close relationship between these psychological states and behaviors; suggesting that cooperative bargainers tend to use representational communications and individualistic bargainers tend to use instrumental communications.

Finally, it is important to consider interpersonal attraction as an influence on negotiation outcomes. More than economic issues are at stake in business negotiations. A plethora of personal issues are also being negotiated. Involved others can influence bargainers' self-esteem while bargaining processes can enhance interpersonal attraction. Moreover, these interpersonal considerations can have a key influence on future transactions. Personal issues influence even the most objective purchasing agents and sales representatives.

Situational Constraint. Graham [14] has demonstrated that in some cultures the role of the negotiator—either buyer or seller—can make a difference in negotiation outcomes. He reports that Japanese buyers make significantly higher profits than Japanese sellers in a negotiation exercise.

Hypotheses

Differences between Canadians and Americans. While Canadians have all too frequently been assumed to be “just like Americans,” a growing literature suggests that Anglophone and Francophone Canadian business values, attitudes, and behavior may be substantially different [3, 18, 20, 27]. Moreover, no literature reliably verifies the coincidence of American and Canadian business attitudes and approaches. Here Americans are hypothesized to be similar to Anglophones, but different from Francophones.

Hypothesis 1A: Francophones will achieve lower individual profits than either Anglophone or American bargainers.

How important is work relative to other life activities and their incumbent rewards? The French Canadian social environment has been characterized as one discouraging the development of the work ethic [39], whereas English Canadian society (similar to the United States) tends to promote a work ethic. In particular, Kanungo [19] has suggested that the English Canadians' “Protestant work ethic” culture encourages “personal initiative, achievement, competition, responsibility, and independence” (p. 28), while the Francophones' “Catholic ethic” culture emphasizes the family while deemphasizing the work ethic. According to Kanungo:

A Francophone employee coming from this background will tend to value his work not for its own sake, but for the sake of his family and friends. Thus, instead of emphasizing additional responsibility or achievement at work, he will emphasize working conditions, job security, and status that will better his social image. These outcomes make his family and friends happy. (pp. 28–29)

French Canadians are therefore hypothesized to place less stress on individual profits relative to other outcomes of the negotiation process than either their English Canadian or American colleagues.

Hypothesis 2A: Francophones will achieve higher levels of target satisfaction than either Anglophones or U.S. businesspeople.

It should be noted that the terms "source" and "target" are adopted from Tedeschi, Schlenker, and Bonoma [38]. Throughout this study and because of the structure of negotiation experiments, no distinction is made between buyer and seller. However, a true dyadic perspective is employed with characteristics and behaviors of both the source and target hypothesized to influence negotiation outcomes for the target.

Given French Canadians' greater emphasis on status, social image, and making friends and family happy (see above), it is hypothesized that they will attempt to achieve higher levels of satisfaction during the overall bargaining process than will either their English Canadian or American counterparts, who, being more achievement oriented, will stress profit levels over the promotion of satisfaction.

Hypothesis 3A: Francophones will use more representational bargaining strategies than either Anglophones or U.S. businesspeople.

Again, based on their greater desire for building satisfaction, French Canadians are hypothesized to use more cooperative sharing of information (i.e., representational bargaining strategies) than individualistic influence strategies during the bargaining session. The French Canadians' style is hypothesized to be based simultaneously on attempting to achieve a lasting relationship along with an acceptable price, whereas the English Canadian and American styles are hypothesized to emphasize the achievement of the highest individual price in the present negotiating session.

Hypothesis 4A: Interpersonal attraction will be greater between French Canadian bargainers than among either English Canadian or American bargainers.

Because French Canadians are seen as having a more social orientation than English Canadians and Americans, they are hypothesized (see above) to use more cooperative, representational strategies in negotiating sessions. The combination of their social orientation with their hypothetically more cooperative style is hypothesized to lead to a greater emphasis on the interpersonal aspects of the relationship and therefore to greater interpersonal attraction.

This social versus instrumental orientation split is consistent with Andre' Laurent's [22] research on the contrasting styles of businesspeople in France and the United States.

Differences between Mexicans and Americans. The literature regarding differences between Mexican and American businesspeople is sparse. However, the information available suggests Mexicans to differ from Americans in the same ways as Francophones differ from Americans.

Hypothesis 1B: Mexican negotiators will achieve lower individual profits than Americans.

Like French Canadians, Mexicans value personal relationships (and particularly family relationships) more highly than Americans. Indeed, Schmidt reports, “. . . business is secondary to relationships . . .” [33, p. 8]. Further, both Condon [8] and Copeland and Griggs [9] echo this crucial difference between Mexicans and Americans. Thus, Mexican negotiators can be expected to concentrate less on profits and more on interpersonal relationships during business negotiations.

Hypothesis 2B: Mexican negotiators will achieve higher levels of target satisfaction than Americans.

The same rationale presented for hypothesis 2A is appropriate here. Both Condon [8] and Copeland and Griggs [9] concur with Schmidt's [33] assessment, “Human interaction is to be a pleasant experience. Disagreement does not fit into harmonious patterns” (p. 14).

Hypothesis 3B: Mexican negotiators will use more representational bargain strategies than Americans.

Hypothesis 4B: Interpersonal attraction will be greater between Mexican bargainers than between Americans.

Likewise the rationales supporting hypotheses 3A and 4A above are appropriate here and entirely consistent with the reference cited regarding Mexico.

Determinants of Negotiation Outcomes

Ample materials exist (i.e., theory and previous empirical findings) with which to construct hypotheses relating negotiation outcomes to the various independent variables for *American bargainers*. However, no such literature exists regarding such causal relationships for Mexican or Canadian negotiators. Therefore, lacking information to the contrary, an identical (or universal) set of relationships will be hypothesized for the four cultures. A comparison of the correlation coefficients will hopefully reveal similarities and differences in the determinants of negotiating outcomes for the three countries. The key negotiation outcomes considered are source's profits (economic rewards from the negotiation) and target's satisfaction with the outcomes of the negotiation.

Hypothesis 5: Sources who use more representational bargaining strategies will achieve lower profits while maximizing target's satisfaction.

Hypothesis 6: Sources whose targets use more representational bargaining strategies will achieve higher profits.

The relationship between representational bargaining strategies and negotiation outcomes has been investigated frequently during the last 20 years. Various researchers have used different labels for the concept (e.g., cooperative orientation [31]; problem-solving orientation [29]; representational bargaining strategies [2]; and direct-open-influence tactics [44]), but findings have been relatively consistent. Generally, researchers have found representational strategies to positively influence *joint* negotiation outcomes. Thus, the two hypotheses are derived regarding the relation of representational-instrumental strategies to the outcome variables (profits and satisfaction) mentioned previously.

Each party brings to a negotiation a set of predetermined goals. These goals might be described as a series of feasible alternatives, each alternative having an associated subjective expected utility for each party. Each party endeavors to maximize his or her utility during the negotiation. The outcome of a negotiation is *ideally* an agreement regarding which alternatives will be exercised to maximize bargainers' mutual utility. Conceptually, the process of face-to-face business negotiations can best be represented in four stages:

1. Nontask sounding;
2. Task-related exchange of information;
3. Persuasion; and
4. Concessions and agreement.

The first stage, nontask sounding, includes all those activities that might be described as establishing a rapport or getting to know one another, while not including information related to the "business" of the meeting. The information exchanged in the second stage of business negotiations regards the parties' needs and preferences, or stated more precisely, the parties' subjective expected utilities of the various alternatives open to them. The third stage, persuasion, involves the parties' attempts to modify one another's subjective expected utilities through the use of various persuasive tactics. The final stage of a business negotiation involves consummating an agreement, which may be the summation of a series of concessions or smaller agreements.

Both of the first two steps involve an exchange of information, that is, representational communications. It is during these initial stages that bargainers begin to form impressions about one another's attitudes and characteristics. Bargainers who encourage opponents to provide information about themselves and their needs and preferences can be expected to achieve higher negotiation outcomes [31].

The third step in the process of negotiation involves persuasion and instrumental communication. An example of one kind of instrumental appeal is Angelmar and Stern's "promise" content category. They define a promise as, "A statement in which the source indicates his intention to provide the target with a reinforcing consequence which the source anticipates the target will evaluate as pleasant, positive, or rewarding" [2, p. 101]. This reinforcing consequence adds to the utility of a particular alternative or set of alternatives for the target, and potentially moves the target closer to the source's more favorable alternatives and may move the target away from his or her own more favorable alternatives [42]. Consequently, bargainers using instrumental strategies can be expected to achieve higher negotiation outcomes.

Hypothesis 7: Sources' representational negotiation strategies are positively related to targets' representational strategies.

Another relationship to be investigated in this study is the influence of source's behaviors on the target's behaviors. Both Rubin and Brown [32] and Weitz [44, 45] suggest the importance of adjusting bargaining tactics based upon one's impressions of targets' tactics. Specifically, Weitz suggests adaptive behavior will enhance bargaining effectiveness. Rubin and Brown posit an interaction effect between adaptive behavior and representational strategies that positively influences negotiation effectiveness. That is, high adaptability coupled with cooperativeness will

favor higher negotiation outcomes. Support for these latter propositions is provided in a study by Graham [15], wherein he uses a structural equation-modeling approach to analyze data from a negotiation experiment involving more than 100 American businesspeople. Graham reports that sources' cooperative behaviors tend to elicit cooperative behaviors from targets, which in turn enhance profits for sources. The mechanism involved is reciprocal. When bargainers give information about needs and preferences, opponents will be likely to reciprocate.

Hypothesis 8: Sources who are rated as more attractive by targets will achieve higher profits while targets will express higher satisfaction with the negotiations.

Hypothesis 9: Sources who rate targets as more attractive will achieve lower profits.

Simons, Berkowitz, and Moyer suggest "the relationship between attraction to a source (like-dislike, friendly feelings, etc.) and attitude change has received scant attention" [35, p. 9]. Rubin and Brown [32], in their review of the negotiation literature, conclude that, interpersonal attraction generally enhances bargaining outcomes (cf. [5, 6, 26, 37]). However, they apparently contradict their general statement when they suggest that interpersonal attraction can "lead to problems of miscoordination that have serious adverse effects" for negotiation outcomes [32, p. 251]. McGuire [25] explains that when people are attracted to each other they will make sacrifices (i.e., concessions in a negotiation) to preserve the gratifying personal relationships with those others. Thus, an individual bargainer may give up economic rewards for the social rewards of a relationship with an attractive partner. And to the extent that one receives rewards from a relationship with an attractive other, that person will be more satisfied with the relationship (or, in this case, the negotiation agreement).

Hypothesis 10: Buyers will achieve higher profits than sellers.

Graham [14] reports that in Japanese negotiations the role of the bargainer (seller or buyer) is a crucial determinant of profits. Buyers almost always do better. This is due to the vertical nature of buyer-seller relationships in Japan. That is, sellers defer to the wishes of buyers to a much greater degree than in the United States. Rank or role makes an important difference also in Mexico. Condon [8] states, "To an extent greater than in the U.S. factors such as age or rank or sex guide the person's actions toward others. Where Americans may resent a person who "pulls rank" or demands his way because of his age, such behavior is not necessarily objectionable in Mexico" (p. 26). So we might expect role to be an important factor in business negotiations between Mexicans—buyers will do better in the simulation.

Research Methods

Participants

The participants in the experiment are 74 Canadian Francophone, 74 Canadian Anglophone, 68 Mexican, and 138 American businesspeople. The average age of each group is identical—32 years. All have two years business experience in their countries. Since Fouraker and Siegel [12] report the bargaining behavior of students

and businesspeople to differ, the sample was limited to experienced businesspeople. For the group, the average percent of work involving contact with people outside the firm was 47% (see Table 1). The Mexican participants and 68 of the Americans attended executive education programs. The Canadian participants and 70 of the Americans were MBA students. The data were collected in each of the respective countries. Participants were randomly paired and assigned to play the role of either buyer or seller in a negotiation simulation. Four kinds of interactions were staged—37 Francophone–Francophone, 37 Anglophone–Anglophone, 34 Mexican–Mexican, and 69 U.S.–U.S.

Negotiation Simulation

The negotiation simulation, developed by Kelley [21] and used by Pruitt and Lewis [29], Lewis and Fry [23], Graham [14], and Clopton [7], involves bargaining for the prices of three commodities. Each bargainer receives an instruction sheet, including a price list with associated profits for each price level. Participants are allowed 15 minutes to read the instructions and plan their bargaining strategies. Differing amounts and types of background information can be included with the basic payoff matrices, depending on the focus of the research. While simple enough to learn quickly, the simulation usually provides enough complexity for one-half hour of substantive interaction. Within the one-hour time limit, bargainers use face-to-face, free communication. While several other negotiation and bargaining simulations were considered, Kelley's game was selected primarily because it best simulates the essential elements of actual commercial negotiations observed in preliminary field research.

Following the bargaining session, each individual completed a questionnaire. To assure equivalence, the Spanish and French translations of the simulation instructions and questionnaire were back-translated into English by a second translator; the original and back-translated English versions were compared; and discrepancies resolved. Additionally, when results differed from hypotheses, translated items used to measure the involved constructs were checked again (cf. [17]). Bargainers conducted all negotiations in their respective native languages.

Data-Collection Instruments

This study considered two negotiation outcome variables. Source's profits (\$\$) are derived directly from the agreed upon bargaining solution. Target's satisfaction (TSAT) with the negotiation is measured using a four-item scale included on the target's postsimulation questionnaire.

Process-related measures were also derived from postexercise questionnaires. Participants rated their own bargaining strategies *and* their opponent's bargaining strategies on several items. The scales for representational bargaining strategies (REP) combine items from *both* the source's and target's questionnaires. Finally, bargainers rated the interpersonal attractiveness (ATT) of their negotiation opponents. See Table 1 for details.

Table 1. Variables in the Study, Analysis of Variance Results

Category	Variable	Symbol	Description and Measure	Canada				Hypothesis Number
				Mexico (N = 68) Mean (s.d.)	Francophone (N = 74) Mean (s.d.)	Anglophone (N = 74) Mean (s.d.)	United States (N = 138) Mean (s.d.)	
Negotiation outcomes	Source's profits	S\$	Source's (either buyer's or seller's) individual profit level associated with final agreement if Kelley's [21] negotiation game, range = 28 to 80	43.6 (12.7)	42.9 (9.5)	45.2 (10.0)	45.1 (10.7)	H1
	Target's satisfaction	TSAT	Target's satisfaction with the outcome of the negotiation, 4 items, range = 4 to 20, Cronbach's $\alpha = .78$	15.5 ^a (3.0)	14.6 (2.7)	14.9 (2.7)	14.6 (3.2)	H2
Process variables	Representational bargaining strategies	REP	Source's and target's ratings of <i>source's</i> bargaining strategies along representational-instrumental continuum, 5 items, range 5 to 25, Cronbach's $\alpha = .66$	16.6 (3.0)	14.8 ^a (4.0)	16.4 (3.5)	15.9 (3.7)	H3
	Interpersonal attraction	ATT	Ratings of interpersonal attraction, 3 items, range 3 to 15, Cronbach's $\alpha = .77$	12.8 ^a (2.3)	12.2 (2.5)	12.5 (2.2)	11.9 (2.3)	H4
Group characteristics	Experience	IC	Interorganizational contact—percent of work involving outside the participant's company	54.8 (22.4)	39.3 (28.3)	42.1 (2.7)	47.6 (29.7)	
	Number of years work experience	YRS	Number of years work experience	9.2 (6.4)	8.6 (5.8)	8.3 (8.0)	9.1 (7.7)	
	Age	AGE	Age	32.4 (6.7)	32.3 (6.6)	32.0 (8.0)	31.6 (8.0)	

^a = difference between American bargainers and others is statistically significant ($p < 0.05$).

Results

Quality of Measures

The reliability of the measures used in the study was assessed using an internal-consistency approach. As can be seen from the Cronbach α coefficients in Table 1, the reliability of each measure is adequate ($\alpha > 0.65$).

Hypotheses Tests

The results of this negotiation experiment generally did not replicate the patterns predicted based on others' research. First, although the Francophone and Mexican bargainers on the average achieved lower profits (\$\$) than either English-speaking group, the differences were not statistically significant ($p < 0.05$). Therefore, Hypothesis 1 must be rejected (see Table 1).

The second hypothesis is partially supported. No differences in the levels of target satisfaction (TSAT) were found among the Canadians and Americans. However, consistent with hypothesis 2B, the Mexican negotiators achieved higher TSAT than the Americans ($p < 0.05$).

Hypothesis 3 is rejected. As can be seen in Table 1, Francophone negotiators tended to use significantly more *instrumental* bargaining strategies (REP) than either the Anglophone or the U.S. negotiators. This is the opposite of what theory would suggest.

Hypothesis 4A is rejected while 4B is accepted. Canadian bargainers found their partners to be slightly more attractive than did American bargainers, but the differences were not significant. Mexican negotiators also rated their partners more attractive than did the Americans, and the difference is statistically significant ($p < 0.05$).

As indicated in Table 2, Hypothesis 5 is supported in part by the data. For all American and Canadian negotiators, source's representative bargaining strategies (REP_r) were found to be strongly, positively related to target's satisfaction (TSAT). Additionally, Mexican and Francophone negotiators using more representational bargaining strategies (REP_s), achieved *lower* levels of individual profits (\$\$). This latter relationship was not statistically significant for either English-speaking group.

Hypothesis 6 is consistently supported across the American and Canadian groups. Strong positive relationships between target's representational bargaining strategies (REP_t) and source's profits (\$\$) were found for each ($p < 0.05$). However, the hypothesis must be rejected for the Mexican group.

Source's representational strategies (REP_s) were found to be positively related to target's representational strategies (REP_t) for U.S., Anglophone, and Mexican negotiators ($r_{US} = .320, p < 0.05, r_A = .348, p < 0.05, r_M = .295, p < 0.05$). Thus, Hypothesis 7 is accepted for these three groups, but not the Francophones ($r_F = .135, n.s.$).

Hypothesis 8 receives mixed support. Higher source attractiveness (ATT_s) was positively related to target satisfaction (TSAT) for the U.S., Anglophone, and Mexican groups, but not for Francophones. Indeed, the relationship for the Mexican group is extraordinarily strong. No relationships between source's attractiveness and profits (\$\$) were discovered (see Table 2).

Table 2. Pearson Product Moment Correlation Coefficients: Source's Profits (S\$) and Target's Satisfaction (TSAT) with Process Variables

Hypothesis	Variable ^a	Canada													
		Mexico (N = 68)				Francophone (N = 74)				Anglophone (N = 74)				United States (N = 138)	
		S\$	TSAT	S\$	TSAT	S\$	TSAT	S\$	TSAT	S\$	TSAT	S\$	TSAT		
H5	Representational bargaining strategies (REP _i)	-.293 ^b	.180	-.218 ^b	.305 ^b	-.122	.304 ^b	-.046	.301 ^b						
H6	(REP _i)	.176	—	.222 ^b	—	.406 ^b	—	.347 ^b	—						
H8	Interpersonal attraction (ATT _i)	-.078	.633 ^b	.015	-.095	-.088	.218 ^b	-.076	.247 ^b						
H9	(ATT _i)	.057	—	-.011	—	.220 ^b	—	-.079	—						

^aSubscript_i = source. Subscript_t = target.
^bp < 0.05.

Table 3. Hypothesis 10, Analysis of Variance: Source's Profits (\$\$) by Bargainer's Role (Buyer or Seller)

	Mexico (<i>N</i> = 68)	Canada		United States (<i>N</i> = 138)
		Francophone (<i>N</i> = 74)	Anglophone (<i>N</i> = 74)	
Buyer's profits (group mean)	48.6	42.2	47.9	46.8
Sellers' profits (group mean)	38.5	44.0	42.5	43.5
R ²	.15 ^a	.01	.07 ^a	.02

^a*p* < 0.05

Target attractiveness (ATT_i) is not inversely related to source's profits (\$\$) for any of the four groups. Thus, Hypothesis 9 is rejected.

As indicated in Table 3, Hypothesis 10 is supported for the Anglophone and Mexican groups. In both cases, buyers make higher profits than sellers and the difference is statistically significant ($p < 0.05$). Indeed, role of the negotiator (buyer or seller) explains 15% of the variation in source's profits (\$\$) for the Mexican negotiators.

Discussion and Conclusions

Limitations of the Study

It is important to be aware of the limitations and shortcomings of the research design. There are several such issues involved in this laboratory simulation.

Perhaps the most important consideration is the validity of the principal outcome measure, individual profits. Kelly's negotiation simulation [21] and similar measures have been used in other studies, but how well the simulation represents actual business negotiations remains problematic. Any laboratory experiment is open to criticism regarding external validity—this research is no exception.

Causality is also problematic. In this study, measurement of independent variables such as representational bargaining strategies was accomplished following the negotiation simulation, thus leaving open the possibility of reversal of the causal arrow—that is, \$\$ or TSAT → REP.

Finally, much of the evidence supplied for accepting or rejecting hypotheses derives from participants' self-reports and judgments. In particular, the reliability and validity of the process measures depend entirely upon the participants' memory and impressions of the actual negotiation. Nevertheless, the findings reported suggest nomological validity of some of these measures.

These limitations to the research were considered in advance. Unfortunately, given the scope of the study and resources available, the limitations were unavoidable.

Interpretations of the Results

Difference between Canadians and Americans. The lack of predicted differences in negotiation outcomes (both profits and satisfaction) between the French speakers

and the English speakers (both American and Canadian) might be attributed to the research variables described or to several important, external factors. Perhaps the simulation is neither long enough nor complex enough to bring out such differences. Perhaps the participants, people who attend management seminars and MBA courses (whether Canadian Anglophones and Francophones, or Americans), when compared with the populations as a whole, are more similar than different. Perhaps Francophones who attend MBA courses are the most aggressive and achievement-oriented of all Francophones. However, while perhaps failing to represent the population as a whole, the participants may provide a fairly good representation of each culture's managers. Each of these threats to external validity may have caused problems. Or, it may be that even though negotiators use different negotiating styles in different places, they still achieve comparable results. This latter explanation suggests that real problems will surface primarily in *intercultural*, rather than *intracultural*, negotiations.

In direct opposition to our predictions, Francophones used significantly more instrumental negotiation strategies than did either English-speaking group. We see two possible explanations. First, it may be that Francophones focus on relationship building during nontask sounding activities, and then take a more aggressive (instrumental) approach during the "task" activities. Indeed, during our writing of results we came across new information that suggests that our findings, rather than our hypotheses, are correct. Weiss and Stripp [43] talk about the French (i.e., European) negotiation style: "To an American eye, the French seem to consider negotiation a debate requiring very careful preparation and a logical presentation of one's position" (p. 19). While the key word is "debate," they also use such descriptors as "controversy" and "argument" to characterize the French style. Weiss and Stripp's descriptions of negotiations in France more closely resemble our findings regarding French Canadians. A second explanation regards external validity. It may be that in a short simulation such as this, Francophones find it impossible to establish the requisite trusting, lasting relationship that would make cooperative negotiating possible, especially from their more socially oriented Francophone perspective. Thus, lacking the perceived possibility of developing a personal relationship during the one-hour simulation, they may resort to more individualistic behaviors. This line of reasoning suggests an interaction between the methodology—a one-hour simulation—and the culturally specific behavior.

No difference was found in the degree of interpersonal attraction across the three groups. Again the explanation may relate to external validity: The brevity of the simulation may not have allowed for Francophones to build the hypothesized "stronger" relationship. Alternatively, it may be that businesspeople in negotiations are equally attracted to their own kind, and the hypothesis is faulty.

Differences between Mexicans and Americans. The difference between the Mexican and American negotiation styles previously described by Condon [8], Schmidt [33], and Copeland and Griggs [9] appear, to large degree, confirmed by the results of this study. Relationships appear to be more important to Mexican negotiators. They make a little less profit (albeit the differences in profits were not statistically significant); however, they achieve higher levels of target satisfaction and interpersonal attraction. Both these latter concepts are the key to long-lasting commercial relationships.

Process Variables. Particularly important is the concept of representational bargaining strategies (REP). In the United States and for English-speaking Canadians, the cooperative approach to business negotiations (i.e., the use of representational bargaining strategies) appears to be the cornerstone upon which positive negotiation outcomes are built. First, when sources use representational bargaining strategies, targets' satisfaction is significantly enhanced. Second, when sources use representational bargaining strategies, targets tend to reciprocate, and targets' cooperative behaviors in turn lead to higher profits for sources (i.e., $REP_s \rightarrow REP_t \rightarrow S\$$). So, in negotiations between the English speakers in this study, taking a cooperative approach seems to simultaneously increase target's satisfaction and sources' economic rewards. However, it should be noted that the latter relationship is mediated by targets' cooperativeness.

At least based on this experiment, negotiations between Francophones do not work in the same way. Cooperative behaviors do not lead to target cooperation. Instead sources' cooperative behaviors appear to lead to lower economic rewards for sources. Negotiators who use more instrumental bargaining strategies achieve higher profits.

The process of Mexican negotiations appears to be different from the other three groups. Like the Francophones, Mexican negotiators achieve higher profits by using more instrumental strategies. However, such strategies evidently have little influence on target satisfaction, and the positive relationship between target's representational strategies (REP_t) and source's profits (S\$) appears to be suppressed by those constructs' relationships (one positive and one negative) with source's representational strategies (REP_s).

Interpersonal attraction (ATT) is another key concept influencing business negotiations for the Mexican and the two English-speaking groups. Attractive sources were able to achieve significantly higher levels of targets' satisfaction (TSAT). The theories proposed by Rubin and Brown [32], McGuire [25], and others are at least in part supported by the findings of this study.

Role of the Negotiator. As Condon [8] would predict, rank appears to be an important consideration in Mexico as in Japan. Mexican sellers evidently gave deference to the needs of buyers, even though no explicit power differences exist in the negotiation exercise. In this case, behavior in the negotiation simulation reflects the behaviors and assumptions of Mexican society in general, as described by Condon. The role of the negotiator also appears to make a difference for Anglophones.

Management Implications

In the United States and with English-speaking Canadians, the outcome of business negotiations is primarily determined by events at the negotiation table—the amount of information exchanged. The results of this work suggest that negotiators in these two places will do best when they encourage targets to give honest information about their bargaining positions. Managers should place even more emphasis on the second stage in business negotiations—the task-related exchange of information. Additionally, there is another side to the representational–instrumental issue.

When bargaining opponents are competitive, English-speaking bargainers tend to do worse in the negotiation exercise. In other words, U.S. and Canadian Anglophone bargainers can be taken advantage of by competitive bargainers. This is consistent with the often heard criticism regarding U.S. businesspeople in international business dealings—foreign executives frequently describe them as being “naive.” It is also consistent with Harnett and Cummings’ [16] findings that U.S. businesspeople tend to be more trusting than other cultural groups. Thus, U.S. and Anglophone negotiators should consciously and carefully consider competitive behaviors of clients.

English speakers who emphasize representational negotiation strategies will also achieve another important result, client satisfaction. Indeed, the strongest relationship in the study was that between sources’ representative strategies and targets’ satisfaction.

Representational bargaining strategies are also an important causal factor in negotiations between French-speaking Canadians and between Mexicans. The influence of such behaviors on outcomes is quite different. The results of this study suggest that the use of more competitive strategies will achieve mixed results (i.e., higher economic rewards and lower client satisfaction) among French-speaking Canadians. Apparently, Francophone negotiators are faced with a difficult balancing act. They have to trade off their own economic rewards for their clients’ satisfaction.

Alternatively, Mexican negotiators are able to use more instrumental negotiation strategies to increase economic rewards without much of an effect on target satisfaction. Attractiveness of sources is by far the most important determinant of targets’ satisfaction. So it will be important to choose attractive representatives for negotiation assignments in Mexico.

All these findings strongly suggest that negotiators must make culturally based adjustments to strategies to be effective in the three countries. Or as Graham and Herberger [13] put it, “. . . during international business negotiations, inflexibility can be a fatal flaw. There simply is no single strategy or tactic that always works; different countries and different personalities require different approaches” (p. 166). The results of this study clearly imply a cooperative approach is better when dealing with Anglophone and U.S. negotiators, while a competitive approach is better for Francophones and Mexicans: Identical strategies do not work equally well across groups.

Since Francophones appear to take a more competitive approach to negotiations (i.e., recall the differences in REP across groups), one might conjecture that negotiations between French and English speakers will naturally be more difficult. Such a conclusion cannot be drawn directly from the findings of this study. However, an important issue is brought to light that deserves exploration in a cross-cultural study.

Future Research

The several unanticipated results of this study suggests much more work must be done. Our theories about the determinants of business negotiation outcomes are not yet well formed. Further, our knowledge about how people from other cultures (even our closest neighbors) behave at the negotiation table is sketchy at best, and

in some cases inaccurate. The results of this study also validate Pruitt's [30] and Weitz's [46] comments about experiments versus simulations. Correlational studies such as this one are most appropriate given our present knowledge. This study only scratches the surface regarding the problems facing international executives. Business negotiations in other countries deserve systematic inquiry. Knowledge and experience in one foreign culture do not necessarily help negotiators understand other foreign cultures. The importance of specific factors may vary from place to place. Others have tried to generalize about doing business in 'similar' cultures, but their contributions are limited.

The present study of North American business negotiations might be improved upon in at least two ways. First, the performance measure—individual profits in a negotiation simulation—should be validated through comparison to actual negotiation or sales performance. Certainly negotiation skills are important in marketing and in other interorganizational transactions, but at present no way exists to adequately measure such skills. Correlation between performance in the simulation and performance in the field will not only serve to aid in the research process, but also perhaps in the training of negotiators.

Insight into the casual mechanisms is limited to inferences derived from quantitative analyses of participants' self-reports and further deductions by the researchers. There remain a series of unexplored questions: What are the qualities of a representational argument? How do participants form impressions about their bargaining opponents? What are the antecedents of interpersonal attraction? Such questions demand a more inductive approach, a research methodology that looks deeply into the phenomenon and explores for causal mechanisms and clearer concepts of the variables. Such questions demand independent and repeated observations of the phenomenon. Videotape recording of business negotiations might provide the data for such explorations.

Lastly, the cultural differences discovered here raise the question, "What happens during *intercultural* as opposed to the more commonly studied *intracultural*, business negotiations?" What happens when the negotiation partners are not from the same culture? This area of study deserves immediate attention.

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