Tension and trust in international business negotiations: American executives negotiating with Chinese executives

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Abstract
The purpose of the study is to shed light on the antecedents and consequences of tension felt during international business negotiations. A total of 176 American and Chinese executives participated in simulated international business (buyer–seller) negotiations. The negotiations were videotaped, and the participants completed questionnaires. Each participant was also asked to review his/her videotaped negotiation, rate the tension felt on a videotape review form, and briefly describe the antecedents of the tension felt. The data collected were then analyzed using first a structural equations approach and then a more exploratory content analysis. Both Chinese and American executives felt tension during the negotiations. For the Chinese, greater levels of tension led to an increased likelihood of agreement, but also led to lower levels of interpersonal attraction and in turn lower trust for their American counterparts. For the Americans, tension felt decreased marginally the likelihood of an agreement, did not affect interpersonal attraction, but did have a direct negative effect on trust. A series of other cultural differences are also reported. The measure of tension felt developed in the study appears to be useful methodologically, theoretically, and practically.
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Introduction
International business negotiators frequently report tensions in their interactions with foreign clients and partners. Yet, academic researchers have seldom addressed the way in which tension affects negotiation outcomes such as reaching agreements and trust. Theoretical papers on the broader topic of emotions in negotiations have appeared. Prominent are Barry and Oliver (1996), Kumar (1997, 1999), and George *et al.* (1998). Herein we begin to consider these issues empirically, systematically analyzing simulated business negotiations and measuring tension felt and its consequences, including interpersonal attraction and trust between the participating executives.

A second purpose of this research is to provide empirical insights into another topic of growing interest that has received little attention – that is, *inter*cultural business negotiations. Although a significant literature does exist regarding how culture influences

negotiation styles, almost all of that research has been conducted in *intra*cultural settings (e.g., Americans negotiating with Americans or Chinese with Chinese or Germans with Germans). Primarily because of the logistical difficulties of bringing large numbers of participants together from different countries, only a few studies have addressed intercultural negotiations in laboratory settings (e.g., Adler and Graham, 1989; Brett and Okumura, 1998; Pornpitakpan, 1999; Cai *et al.*, 2000; Adair *et al.*, 2001).

Importantly, George *et al.* (1998) and Kumar (1999, 2004) consider theoretically the nexus of intercultural negotiations and emotions. Consistent with their calls for empirical research, our study examines the circumstance of American managers negotiating with Chinese[1] managers. Simulated team negotiations were videotaped, and the managers on both sides of the table reviewed their own videotapes, recorded and rated tension levels, and described the perceived causes of their tension. Each manager also completed a questionnaire including measures of other pertinent constructs.

Cultural differences
The literature clearly predicts that international negotiations, particularly between parties whose cultures are very different, will exhibit 'extra' sources of tension (e.g., Kumar, 1997; George *et al.*, 1998; Ghauri and Fang, 2001; Barry *et al.*, 2004). Several researchers report that cultural dissimilarity reduces interpersonal attraction (Triandis *et al.*, 1994). Certainly, communication problems are potential causes. Adler and Graham (1989) provide an extensive discussion of the potential pitfalls, focusing on differences in language, nonverbal behaviors, values, and patterns of thought, all leading to frustrations for international negotiators. Kumar (1997) emphasizes that more general differences in negotiation 'scripts' across cultures cause a variety of negative consequences, including negative emotions during cross-cultural commercial interactions. Davidson and Greenhalgh (1999) conclude that inter-racial interactions are more likely to produce emotion-laden processes and outcomes.

How might Chinese businesspeople react and/or behave differently from American businesspeople in international business negotiations? Are the antecedents and consequences of tension in negotiations the same for Chinese and American businesspeople? Do Chinese and American negotiators feel different levels of tension in international business negotiations? Do Chinese and

American negotiators respond to tension differently? The extant literature provides some answers, and it is summarized below.

The Chinese are more sensitive to relational aspects of negotiations
The conclusions of researchers in the area are quite consistent about the salience of maintaining long-term, harmonious personal relationships in Chinese culture *vs* the salience of information, objectivity, and competitiveness in American culture. These differences have been attributed to a variety of causal factors.

Values
Chinese and American cultural values are clearly very different. In Hofstede's data (2001) among 76 countries, regions, and subcultures, America is listed as the most individualistic (a score of 91 on his IND scale) and Hong Kong as more collectivistic (at 25 on the same scale). Alternatively, in Hong Kong, hierarchy is relatively important (indicated by a score of 68 on Hofstede's PDI scale), whereas egalitarianism is more valued in the US (a 40 on PDI). Leung and Bond (1984) confirm Chinese values for collectivism, and Hofstede and Bond (1988) report Americans (at 29 for LTO) and Hong Kong Chinese (at 96) to be at almost opposite ends of their long-term orientation scale.[2] Graham (2002) more broadly, and both Tinsley and Pillutla (1998) and Arunachalam *et al.* (1998) with particular regard to Chinese and American negotiators, empirically demonstrate the causal connections between such values and negotiation behaviors. All these differences in values suggest that social context will be a much more important aspect of negotiations for Chinese than for Americans.

Social context
Hall (1976) classifies the American as a low-context culture and the Chinese as a high-context culture. Such emphasis on social context is also reflected by the frequent mention of Chinese values for social connections (*guanxi*), face or reputation (*mianzi*), and interpersonal harmony (*renji hexie*). Indeed, Earley (1989) and his colleagues (Farh *et al.*, 1997) underline the greater importance of social demands vis-à-vis individual motivations in Confucian cultures. Redding (1993) and Xin and Pearce (1996), among many others, comment at length on the importance of cultivating personal connections in Chinese business settings. Bond (1991) recognizes the face concept as uniquely important in Chinese

psychology, and presents substantial evidence for its salience.

Behaviors

Research in negotiations adds credence to the notion that maintaining good interpersonal relationships is more important in the Chinese culture than in the American. Matsumoto (1989) and Li and Labig (2001) agree that for Japanese (also a collectivistic culture) emotions result from relational problems, and for Americans from lack of achievement. Lewicki *et al*. (1994, 427) describe the Chinese approach: 'When working toward building a relationship, the Chinese seek reliability, dignity, and reserve.' These descriptors sound very much like what Greenhalgh and Gilkey (1993) refer to as a 'relationship orientation.' Consistent with these distinctions, Adler *et al*. (1992) report that Chinese negotiators used more questions and fewer threats, warnings, and punishments than Americans in simulated buyer–seller negotiations. Graham *et al*. (1994) report results characterizing Americans' bargaining strategies as more individualistic and competitive than those of Chinese. Finally, Graham *et al*. (1994) report substantially stronger relationships between attractiveness and negotiator satisfaction for Chinese negotiators than for American negotiators.

In cultures where relationships are more important, there appears to be a concomitant indirectness in the language (Hall, 1976). Indirectness has been often observed in collectivistic cultures, such as that in Mexico (Kras, 1995), Japan (Hodgson *et al*., 2000), and China (Graham and Lam, 2003). Moreover, the American interpretation of such indirectness frequently tends to be negative – 'they were evasive' or 'they were lying.'

> **Hypothesis I**: Tension felt will impact on relational aspects of the negotiations to a greater extent for the Chinese than for the Americans.

Emotions: Chinese feel and express less

Shenkar and Ronen (1987) describe Chinese negotiators as displaying emotional restraint and politeness toward maintaining interpersonal harmony and preserving face. Bond (1991) indicates that Chinese actually feel and display lower levels of intensity, frequency, and duration of emotions. Others add that the display of negative emotions during negotiations can lead to a loss of face for Chinese (e.g., Graham and Lam, 2003). Alternatively, Tannen (1998) has described America as an 'argument culture' where use of emotional tactics is acceptable in many circumstances (cf. Karrass, 1985). Based on his review of a meta-analysis of expressions of emotions across cultures by Matsumoto (1989), Hofstede (2001: 232) concludes: 'individualistic cultures (such as American) tolerate the expression of individual anger more easily than do collectivistic cultures (such as Chinese).' Others concur across a broad spectrum of individualistic *vs* collectivistic cultures: Canadians/Italians (Gavazzi and Oatley, 1999), Americans/Filipinos (Grimm *et al*., 1999), and Australian/Chinese (Eid and Diener, 2001), the last specifically reporting that the frequency and intensity of emotions experienced was lower for Chinese. Kumar (2004) concludes that some cultures may differ in the need to experience emotions, and may therefore endeavor to avoid letting their emotions influence their behaviors and attitudes. This is particularly so for Chinese, where emotional expression might be considered dangerous, irrelevant, uncivilized, juvenile, or illness-causing.

> **Hypothesis II**: Chinese negotiators will report lower levels of tension than Americans.

Chinese avoid discomfort

Kumar (1999, 299) specifies that negative affect (i.e., agitation or tension) might result in either 'withdrawal or an agreement at any cost.' Indeed, he goes on to predict cultural differences in this dynamic. That is, 'Confucian based negotiators…may be more motivated to settle for less than an optimally desirable agreement insofar as the emergence of the agreement helps the negotiators in achieving their face related goals' (p. 309). Briley *et al*. (2000) found Hong Kong Chinese to favor compromise solutions more often than Americans. Tse *et al*. (1994) found that Chinese (i.e., PRC) negotiators were more likely to avoid conflict and to recommend discontinuing negotiations than Canadians.[3] Kumar (2004) observes that collectivists tend to be more sensitive to emotions stemming from violations of relational norms than to emotions stemming from failure to attain desired goals. Kornadt (1990) asserts that the same emotional state can lead to different responses: that is, 'unjustifiably caused frustration' results in overt aggression for Americans, but not for Japanese (also a collectivistic culture). Finally, and most pertinent to the present study, Uljin *et al*. (2005) found that in simulated intracultural negotiations Chinese and Dutch (an individualistic culture) tended to feel

different emotions to different extents. That is, the Chinese were more anxious, apprehensive, uncertain, quiet, frustrated, friendly, and angry at themselves; and the Dutch felt more irritated and driven. Uljin *et al.* (2005: 107) thus conclude: 'Collectivist cultures prefer conflict avoidance while more individualistic cultures rather are not afraid of direct conflict.'

Findings from a related literature provide insights into the cultural differences described above. Bagozzi *et al.* (2003) report that for Dutch salespeople shame (i.e., from personal failure during sales interactions) reduces sales volume, communication effectiveness, and relationship building; and for Filipinos shame causes enhanced relationship building, civic virtue, and helping. They explain the causal mechanism to be individualism/collectivism. That is, Dutch are 'self-identity focused' and take self-protective actions; Filipinos instead promote group welfare because they are 'group-identity focused'. Applying the same logic to the present study, during 'rough spots' in negotiations, Chinese may make concessions and unattractive compromises to maintain good interpersonal relationships, where Americans might just become more aggressive.

> **Hypothesis III**: Chinese negotiators will act to avoid tension in the negotiations more than their American counterparts.

Procedural differences
The literature on Chinese negotiations suggests two kinds of procedural difference in negotiations: time and order.

Time
Chapter 4 of Smith's (1894) old, but still interesting, tome on Chinese culture is entitled 'The Disregard for Time'. Indeed, many since (e.g., Pye, 1982) have referred to Chinese delaying tactics leading to great frustrations and concessions on the part of American negotiators. Tung (1982) reasons that this frequently mentioned difference in Chinese negotiations surely is related to their long-term orientation as described by Hofstede and Bond (1988). However, the importance of time appears to vary across Chinese cultures, at least as it is reported by Levine and Norenzayan (1999). Based on their observations in 31 countries, they rank Hong Kong (no. 10), Taiwan (no. 14), the US (no. 16), and China (no. 23) on their time consciousness scale.

Sequential/holistic
Hall's (1976) concept of monochronic (i.e., one thing at a time) *vs* polychronic (i.e., multitasking) time is also pertinent here, and clearly associated with the most recent work by Nisbett (2003). That is, both Hall and Nisbett describe American approaches to reasoning as linear and focused, and Chinese as circular and holistic. Americans tend to reduce a complex negotiation problem into its several parts or issues, then discuss one at a time, settling each before moving on to the next. Thus, concessions are made throughout and the final agreement is a sequence of smaller agreements. Alternatively, the normative Chinese approach is to discuss all issues at once without apparent focus or order, and concessions are made only at the end of the negotiations.

Indeed, American haste and the difficulty of measuring progress during a non-sequential discussion may well combine to produce the often-heard American complaint about Chinese 'stalling' (Graham and Lam, 2003). However, in the particular case of Americans negotiating with the more time-conscious businesspeople from Hong Kong, the procedural differences can be expected to be more salient.

> **Hypothesis IV**: The causes of tension will differ between Chinese and American negotiators.

A model of tension during negotiations
These cultural difference hypotheses are tested in the context of a model developed using concepts and theory from the negotiations literature. As this is one of the few empirical studies of the role of tension (and emotions) in negotiations, we describe the model in some detail below.

The concept of tension in negotiations
Webster's Dictionary (1998) defines tension as 'inner striving, unrest, or imbalance often with physiological indication of emotion' (p. 1215). Several related terms also appear in the literature: anxiety (Rubin and Brown, 1975; Verbeke and Bagozzi, 2000), anger (Daly, 1991), sadness and fear (Adler *et al.*, 1998), and dejection and agitation (Kumar, 1999). Ekman and Friesen (1975) identified six emotions based on their analysis of facial expressions – surprise, disgust, happiness, sadness, anger, and fear. In fact, emotion is difficult even to define, let alone measure. Barry and Oliver (1996: 129) avoid both tasks in their important paper: 'In considering the role of affect in negotiation, we

neither prefer nor reject any one particular conceptualization of affect.' Fehr and Russell (1984: 464) have observed: 'Everyone knows what an emotion is, until asked to give a definition.'

The definitions of all these terms have the common aspect of physiological effects (Verbeke and Bagozzi, 2000) on negotiators. Tension, emotions, anxiety, stress, anger, sadness, and fear are all described as being 'felt' by negotiators. The physiological manifestations of tension felt in negotiations can be a faster heart rate, higher blood pressure, tense muscles, heavy breathing, sweaty palms and brows, shaky legs, an upset stomach, and even disrupted vision (Fisher *et al.*, 1991; Adler *et al.*, 1998). Some argue that expressed emotions provide important information (Lewicki *et al.*, 1994); and that at low levels emotions can be a positive influence on negotiations, leading to alertness (Hopmann and Walcott, 1977) or signifying commitment to a position (Adler *et al.*, 1998). However, most authors emphasize the negative consequences of tension and emotions in negotiations – decreased and ineffective communication (cf. Verbeke and Bagozzi, 2000), rigidity of thinking, reduced problem-solving activities, further escalation of emotions, and generally worse outcomes. This overall difference of opinion has led some researchers in the area to suggest a non-linear relationship between emotion and outcomes: a little emotion is good, but a lot is bad.

The antecedents and consequences of tension in negotiations

The model presented in Figure 1 suggests that, during a negotiation, an atmosphere of cooperation will tend to reduce the tension felt by negotiators. However, higher levels of tension will have a negative impact on (1) the ability to reach agreement, (2) negotiators' perceptions of counterparts' attractiveness (i.e., interpersonal, not physical) following the negotiations, and (3) expectations about counterparts' trustworthiness and cooperativeness in future dealings. Reaching an agreement and perceptions of counterparts' attractiveness will both have an impact on expectations about their future trustworthiness and cooperativeness. Finally, expectations about trustworthiness will affect expectations about cooperativeness.

Ghauri and Usunier (2003) suggest that a fundamental element of negotiations is the atmosphere surrounding the talks. They define atmosphere as 'the perceived "milieu" around the interaction, how the parties regard each other's behavior, and the properties of the process' (p. 6). They also make the point that the atmosphere and the negotiation process 'affect each other through interaction at each stage.' Their notion of atmosphere is conceptually analogous to Amir's (1969) social climate and Baron's (1990) environment. All these authors emphasize that the atmosphere often affects negotiation processes, including felt tension.
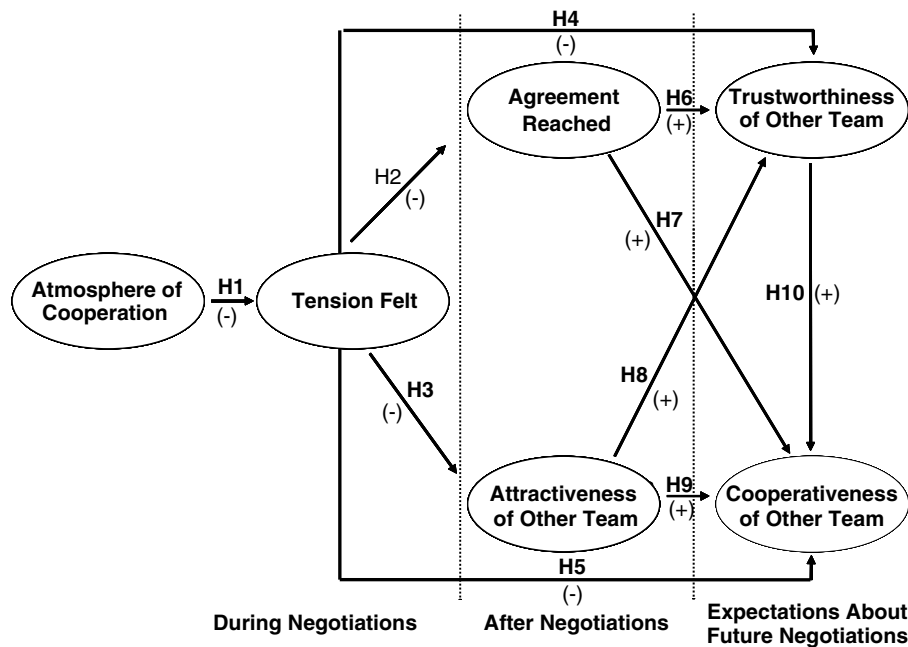

Figure 1   A model of feelings of tension in negotiations.

Ghauri and Usunier (2003) specifically describe an atmosphere of conflict/cooperation as being of crucial significance. Although they state it in a variety of ways, researchers working in the area concur that an atmosphere of cooperation will tend to reduce tensions and emotions during negotiations, and an atmosphere of competitiveness will increase them. Kumar (1997) suggests that when problem solving is disrupted, emotions emerge. Barry and Oliver (1996) hypothesize that competitive tactics lead to negative emotions at the negotiation table. Barry *et al*. (2004) more precisely report that early offers, concessions, and other tactical behaviors influence emotions during negotiations. Rubin and Brown (1975) maintain that competitive approaches to negotiations tend to reduce communication between actors, and threats often lead to hostility. Daly (1991) reports that competitive behaviors such as deception, excessively high demands, personal attacks, and even *causing the other party to lose face* can all trigger anger. Finally, the comments of Adler *et al*. (1998) support Daly's list and include perceptions of competitiveness, particularly an 'aggressive opponent', and time pressures as causes of anger and tensions. Integration of these findings suggests:

> **Hypothesis 1**: An atmosphere of cooperation will reduce tension felt by negotiators.

Much of the literature indicates that tension in negotiations leads to reduced negotiation outcomes, of both the economic and relational sorts. Adler *et al*. (1998) describe anger as reducing trust, problem-solving activities, focus on issues, and openness. Salacuse (1991) reports that emotions at the negotiation table tend to hurt judgment and perceptions of credibility. Daly (1991) suggests and Allred *et al*. (1997) report that anger breeds distrust. Lewicki *et al*. (1994) and Fisher *et al*. (1991) concur that emotions often reduce clear thinking, communication, perceptions of the other, and the qualities of agreements. Barry *et al*. (2004) report that negative emotions hurt creativity and cause more contentious behaviors in negotiations. Graham (1990) reports that facial movements associated with anger, sadness, and fear made during negotiations preceded reduced levels of satisfaction with negotiation agreements. Finally, perhaps most important is Hopmann and Walcott's (1977) empirical evidence regarding the negative influences of stresses and tension on a variety of negotiation-dependent variables: tension yields hostility, harder bargaining, difficulty in processing information, more rigidity, inaccurate perceptions, and *generally worse negotiation outcomes*. All these findings are represented by

> **Hypotheses 2–5**: Higher levels of tensions felt during negotiations will result in reduced negotiation outcomes: (2) a lower likelihood of agreement; (3) lower perceptions of attractiveness of negotiation counterparts; (4) lowered expectations about counterparts' trustworthiness in the future; and (5) lowered expectations about counterparts' future cooperativeness.

However, not uncommon in the literature is the notion that emotion can actually have a positive influence on negotiation outcomes. Most researchers, including Barry and Oliver (1996), Kumar (1997), and George *et al*. (1998), explain that the negative relationship between emotion and agreement is moderated by a variety of other factors such as context and process. Indeed, recall that Kumar (1999) suggested that concerns for saving face may lead Chinese negotiators to accept less than desirable deals that avoid social discomfort for themselves and others. This last point is addressed in more detail in sections to follow. However, the equivocation in the literature about the relationship between emotion and outcomes should be noted.

For completeness we have also modeled agreement and attractiveness as antecedents to expectations about both future trustworthiness and cooperativeness. Barry and Oliver (1996) suggest all these relationships in their review and integration of the literature. Barry *et al*. (2004) and Allred *et al*. (1997) agree that post-negotiation negative affect damages the desire for future interaction. We also know from Graham *et al*. (1994) that a strong relationship exists between interpersonal attraction and negotiator satisfaction across several cultural groups, including Americans and Chinese. Rubin and Brown (1975) likewise conclude that, generally, interpersonal attraction enhances bargaining outcomes. Lewicki *et al*. (1994) specifically mention the causal relationship between interpersonal attraction and trust. Finally, Rempel *et al*. (1985) report connections between interpersonal attraction (i.e., love) and trust.

> **Hypotheses 6 and 7**: When agreements are reached, negotiators will rate counterparts as (6) more trustworthy and (7) more cooperative in the future.

Hypotheses 8 and 9: Perceptions of counterparts' attractiveness will directly influence expectations about counterparts' (8) trustworthiness and (9) cooperativeness in the future.

Again, for completeness, we have modeled the relationship between trustworthiness and expectations about future cooperativeness as a causal one. Trust, of course, is a prominent construct in the social sciences and particularly so with regard to the negotiations literature. Several researchers describe its multidimensional nature. For example, Ganesan (1994) in the marketing literature suggests two key components – credibility and benevolence – and social psychologists Rempel *et al*. (1985) propose three – faith, dependability, and predictability – in their seminal paper. So, some might consider our hypothesis here to be tautological: that is, some definitions of trust found in the literature include expectations about future cooperativeness as an aspect of trust. However, here we conceptualize the constructs as separate, consistent with the reasoning of Pruitt and Carnevale (1993) and Lewicki *et al*. (1994: 123): 'in negotiation, trust is more specifically derived from past experience with this other person, knowledge of this other person's actions with other opponents…' That is, trust is based on observations of past behavior, and those observations influence predictions about future behavior (Rempel *et al*., 1985). Indeed, the two constructs can be described logically as not coinciding: 'I expect her to be cooperative this time even though she has taken advantage of me previously,' or 'He can be trusted to behave competitively.'

Hypothesis 10: Expectations about future cooperativeness are directly influenced by perceptions of trustworthiness.

Methods

Participants
The participants in the research were 176 executive MBA students from a Hong Kong university (90) and a West Coast American university (86). The Americans had traveled to Hong Kong as part of a 1-week international residential global management course. All of the Chinese executives spoke English fluently, allowing for the negotiations with the Americans to be conducted in that language. Indeed, Hong Kong is perhaps the ideal place to conduct this kind of research with Americans, because cultural differences are maximized, as

Table 1 Characteristics of participants: means (s.d.)

	Chinese (n=90)	Americans (n=86)
Years' work experience	13.8 (3.8)	15.0 (5.8)
% work with people outside the company	48.4 (25.0)	48.5 (25.5)
Gender (% women)	33	31
Years living in another country	3.4 (4.4)	3.1 (5.9)
Years taking a foreign language[a]	19.2 (9.6)	6.3 (7.7)

[a]Difference between groups is statistically significant, $P < 0.05$.

described above, while linguistic difficulties are minimized. As can be seen in Table 1, the groups compare quite well on most demographic dimensions except language skills, where predictably the Americans are weaker.

Procedures and simulation
The executives were brought together in separate classrooms (Americans in one and Chinese in another) at the university in Hong Kong. Each participant was asked to fill out a questionnaire that included several questions regarding demographics, attitudes, and personality traits.

Next, the executives were assigned randomly to within-culture groups of three to work together as either a buying team or a selling team. They were given individual instructions from the Bolter Turbines Negotiation Simulation, as detailed in Graham (1984), and were allowed 30 min to plan negotiation strategies. The Bolter Simulation is a horizontal or interorganizational negotiation involving the sale of a $3 million piece of capital equipment, and includes issues such as price, warranty, delivery, service contracts, product options, and late delivery penalties. The instructions provide information about each person's and team's interests, but provide no information or suggestions about bargaining procedures. At the end of the half-hour, each team was sent to a separate room (supposedly at the buyers' headquarters) to meet their foreign counterparts and begin face-to-face bargaining.

In most cases that meant three Chinese executives negotiating with three American executives. For 10 of the 31 groups, only five of the six roles were filled; the game allows for that circumstance.[4] For approximately half the groups, the Chinese played the roles of the sellers; for the other half, they were buyers. Each group was videotaped using cameras with wide-angle lenses. The teams sat at 45

degree angles with the microphone placed in the middle to allow for the best video reproduction. Seat assignments were made in advance with name tags, and right- *vs* left-side seating was determined randomly. Each group was told there was a 1-h time limit. At the end of 60 min, the cameras and negotiations were stopped and all participants returned to the classrooms to complete a short post-simulation questionnaire.

There were no monetary, grade, or other rewards included as part of the simulation. Human subjects regulations required that participation be completely voluntary and that participants be informed accordingly. Thus, motivation for participation in the simulation resulted from peer group and other intrinsic sources.

Toward the goal of consistently producing 1-hour interactions, the simulation is designed to be a difficult negotiation with regard to the complexity of issues and the distance between starting points. Simple 'split the difference' agreements across all stated issues are possible, but often negotiators discuss issues not included in the simulation instructions, yielding outcomes that are incomparable.[5] Most of the time agreements are not reached within the 1-h time limit.

Within 2 weeks, when the Americans had returned to the US, all participants on both sides of the Pacific were each given a copy of their videotape to review, along with a review form to be completed. Following the review, all the forms were submitted to the researchers, thus completing the data collection. This approach to data collection – having interactants review their own behaviors on videotape – was pioneered in the field of sociolinguistics (Gumperz, 1979), first used in negotiation settings by Graham (1990), and discussed in some detail by Heisley and Levy (1991).

Measures
All the measures used in this aspect of the study have been taken from the various forms completed by the executives in both countries. Details of the measures used are included in Table 2.

Atmosphere of cooperation
This construct is measured using three indicators. From each negotiator's post-simulation questionnaire are taken two three-item measures of problem-solving strategies (hereafter PSS): one indicator of the negotiator's own team's PSS, and one indicator of perceptions about the other team's PSS. The items in the PSS scale, taken from Graham

et al. (1994), are five-point semantic differentials anchored by terms such as 'cooperative/competitive.' The third indicator is the own-team PSS scores taken from and averaged across the counterparts' questionnaires. The three indicators are combined in the structural equation model as formative indicators (cf. Fornell and Bookstein, 1982; Falk and Miller, 1992) of the latent construct Atmosphere of Cooperation.

Tension felt
Petty and Cacioppo (1996) and Zaltman (1995, 1997) provide descriptions of measuring emotions in consumer behavior contexts. The former well summarizes the work using physiological measures and facial movements as indicators of consumers' emotional responses. The latter proposes the use of pictures to elicit and report emotions of consumers. Both views argue that just asking people about their emotions is not adequate. Zaltman even goes so far as to characterize the field of marketing research as being 'verbocentric' – relying almost exclusively on words to measure emotions and other affective processes and states. Finally, Graham (1990) has used observation of facial movements to measure emotions in face-to-face marketing negotiation simulations between individuals. However, that work involved two cameras, one focused on each negotiator's face to provide clear enough video images to code facial movements. This last approach is not practical in observing team negotiations, the context of the present study.

The data to compose the measure of tension felt during the negotiations were taken from the videotape review forms on which participants noted the clock-time of points of tension and rated each point on the intensity of the tension felt. The review of the videos included two steps, with the following instructions:

(1) From page 1 of the form: 'Review the videotape in its entirety, without stopping it. Below, note according to the *time code* (in minutes and seconds, as it appears in the upper right-hand corner of the picture) any moments of tension or discomfort during your negotiation. Also, rate the *intensity* (10=extremely tense, 1=a little discomfort) of the tension or uncomfortable feelings in each of the moments noted. You should work while the tape is running and rough estimates of intensity are fine at this stage of the review.'

Table 2 Measurements of constructs: means (s.d.)

Constructs and measures	Chinese (n=90)	Americans (n=86)
Atmosphere of cooperation/problem-solving strategies		
Negotiator's rating of own team, three items[a,c]	3.78 (0.85)	3.48 (0.85)
α_C=0.71, α_A=0.69		
λ_C=0.48, λ_A=−0.15		
Negotiator's rating of other team, three items[a,c]	3.44 (0.83)	2.98 (0.80)
α_C=0.73, α_A=0.68		
λ_C=0.74, λ_A=0.98		
Opposing team's self-ratings, three items	3.45 (0.63)	3.72 (0.74)
λ_C=0.66, λ_A=0.32		
Tension felt		
Intensity	6.70 (1.44)	6.52 (1.66)
λ_C=0.80, λ_A=−0.16		
Quantity (number of moments reported)[a]	9.67 (4.39)	13.03 (5.22)
λ_C=0.15, λ_A=1.02		
Precocity (time remaining when tension first reported)[b]	52.9 (6.52)	54.6 (5.10)
λ_C=0.32, λ_A=0.00		
Attractiveness of other team, three items	4.18 (0.62)	4.17 (0.73)
α_C=0.77, α_A=0.73		
Trustworthiness of other team, three items	3.78 (0.54)	3.80 (0.75)
α_C=0.77, α_A=0.84		
Future cooperativeness of other team, seven items[a]	3.63 (0.57)	3.23 (0.60)
α_C=0.75, α_A=0.72		

[a]Difference between groups is statistically significant, $P<0.05$.
[b]$P=0.07$.
[c]Difference between ratings of own team and other team (within subject) is statistically significant, $P<0.05$.
α=Cronbach alpha reliability score; λ=PLS latent variable weight.

(2) From pages 2–4 of the form: 'Now, of those noted above, select the five moments of greatest tension or discomfort, review each of the five, and provide the following information about each as in the example below. Rate the *intensity of tension or discomfort* during the moment (10=extremely tense or uncomfortable): for you.'

Three indicators were then calculated using the data from the forms. First, the total number of moments of tension was calculated based on the data provided on the first page of the form. This provides a *Quantity Score*. Next, beginning on page 2 of the review forms, the intensity scores 'for you' were taken for each of the five moments of greatest tension and averaged for an overall *Intensity Score*. Finally, the time code from the first of the five greatest moments of tension was subtracted from 60 to provide a measure of how early the tension began, or a *Precocity Score*. The inclusion of the

Precocity Score is well supported by the notion that what happens at the opening of negotiations can have substantial effects on what follows (cf. Rubin and Brown, 1975; Lewicki *et al.*, 1994). The three scores Quantity, Intensity, and Precocity are combined using a formative indicator approach to measure the latent construct Tension Felt during negotiations. The reader will note the similarity of this measure to the three dimensions of emotions suggested by both Bond (1991) and Kumar (1997), that is, frequency, duration, and intensity.

Nisbett and Wilson (1977) describe a primary cause of inaccuracies in verbal reports about one's behaviors and feelings – removal in time. Barry *et al.* (2004) recommend experience sampling methodology (ESM) or a diary method (that is, regularly over time) to avoid such problems. Our method is not dissimilar to the ESM approach. The main advantage of our videotape-review approach to measuring tension felt is that it mitigates at least some of this memory problem. Indeed, it has been

our observation in previous research that participants watching themselves negotiate on tape often 'relive' the interaction as they observe it. That is, on more than one occasion our research participants have reacted (e.g., laughed, sighed, commented, etc.) *in person* an instant before they reacted in exactly the same way *on the videotape*.

Agreement

Reaching an agreement (or not) is a commonly used measure of negotiation outcome (e.g., Pennington, 1968). In this study, 22.6% of the negotiators participated in negotiations that resulted in agreements. The other 77.4% had not reached an agreement before the 1-h time limit and the negotiations and cameras were stopped. Reaching an agreement was coded 1 and lack of agreement within the 1-h time limit was coded 0.

Interpersonal attraction

The measure used for Interpersonal Attractiveness of the counterpart is a three-item scale appearing on the post-simulation questionnaire and is borrowed directly from Graham *et al*. (1994). The anchors for the semantic differentials are 'interested/uninterested' (for two items with different prompts) and 'comfortable/uncomfortable'.

Trustworthiness

The trustworthiness of the other team is measured using three items developed for this study and included on the post-simulation questionnaire. All three Likert items used the prefix 'Judging by how the other team behaved in this simulation, what would be your guess as to whether they, in future business dealings, would generally …' The three anchor phrases used were 'be trustworthy', 'be reliable in future dealings', and 'act with sincerity'; the latter two are certainly consistent with the comments of both Rempel *et al*. (1985) and Ganesan (1994).

Expectations about cooperativeness

The anticipated cooperativeness of the other team in future negotiations is measured using seven items developed for this study. The prefix of the Likert items was the same as just above, but the anchor phrases were 'provide useful information', 'come up with creative solutions', 'avoid answering questions' (reverse-coded), 'be careful and attentive listeners', 'invent feasible alternatives', 'give complete descriptions of their own interests', and 'be closed to new options' (reverse-coded).

Analyses

The more narrow set of hypotheses (H1–H10), specified as parameters in the structural equations model, were tested using PLS, because that program is more appropriate for the exploratory nature of this study (Hulland, 1999), allows for formative indicators (Fornell and Bookstein, 1982; Diamantopolous and Winklhofer, 2001), and dichotomous constructs. Separate analyses were conducted with the Chinese and American groups. The overarching cultural difference hypotheses (HI–HIV) were tested using analysis of variance, χ^2 tests, and simple *t*-tests, performed to determine the statistical significance of differences in parameter estimates across the two sets of data.
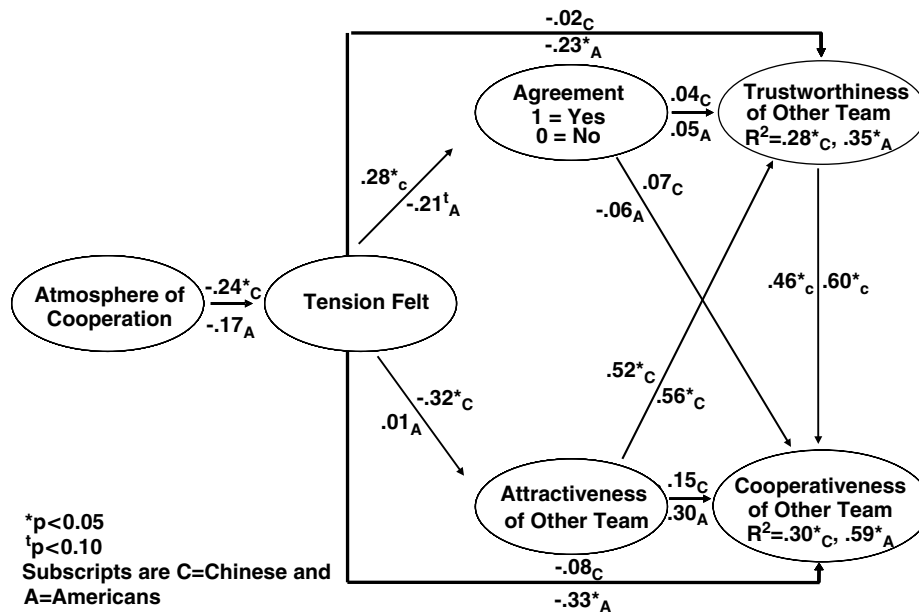
Results

Measurement

The combined correlation matrices for all the items used in measuring Interpersonal Attraction, Trustworthiness, and Expectations about Cooperativeness were examined to determine their convergent and discriminant validity characteristics. High intra-scale correlations (e.g., Cronbach α's > 0.7), low inter-scale correlations, and a factor analysis of the latter two scales demonstrate good validity in all respects.

The reliabilities of the separate three-item measures of PSS used to compose the Atmosphere of Cooperation construct were just adequate for this work – some of the Cronbach α's were just below 0.7 for the American group. Details are provided in Table 2. The α's for the rest of the multi-item measures were all above the 0.7 threshold.

The latent variable weights are also reported in Table 2. For the Chinese data, Intensity (0.80) was the most important aspect of Tension Felt. Alternatively, for the American data, the Quantity of moments of tension was salient (1.02). For both sets of the data the counterparts' PSS proved to be more salient than the negotiators' assessments of their own teams' PSS. The latter contributed little to the measurement of Atmosphere of Cooperation.

Structural equations and hypotheses tests

For Hypothesis 1 the PLS parameter estimates were -0.24 ($P < 0.05$) and -0.17 (n.s.), respectively, for the Chinese and American groups (please see Figure 2). Thus the hypothesized influence of Atmosphere of Cooperation on Tension Felt was partially supported, for the Chinese negotiators only.

Figure 2 Results, PLS parameter estimates. *$P < 0.05$; $^t P < 0.10$. Subscripts are C=Chinese and A=Americans.

As predicted in Hypothesis 2, Tension had a negative (albeit weak) impact on reaching Agreement for the Americans (−0.21, $P < 0.10$). Alternatively, for the Chinese Agreement was positively influenced by Tension (0.28, $P < 0.05$).

Hypothesis 3 suggested that higher levels of Tension would result in lower levels of Attractiveness. This proved true for the Chinese group (−0.32, $P < 0.05$), but again not for the American negotiators (−0.01, n.s.).

Alternatively, Tension level was found to be directly related to Trustworthiness (−0.23, $P < 0.05$) and Expectations about Cooperativeness (−0.33, $P < 0.05$) for the American group, consistent with Hypotheses 4 and 5. However, the parameter estimates for the Chinese data were both statistically insignificant at −0.02 and −0.08.

Hypotheses 6 and 7 were unsupported for both groups. Apparently, reaching an Agreement or not had no impact on expectations about trustworthiness or the future cooperativeness of negotiation counterparts (all n.s.).

Hypothesis 8, the relationship between Attractiveness and Trustworthiness was confirmed for both groups, Chinese (0.51) and American (0.56), and both were statistically significant ($P < 0.05$).

Hypothesis 9 must be rejected for both groups. No relationship between Attractiveness and Expectations about Cooperativeness was evident for either group, Chinese (0.15) or American (0.03).

Finally, consistent with Hypothesis 10, for both cultural groups Trustworthiness was found to influence Expectations about Cooperativeness. The parameter estimate for the Chinese group was 0.45 and for the American group 0.60, both statistically significant ($P < 0.05$).

The model explains substantial portions of the variance in both Trustworthiness and Expectations about Cooperativeness for both groups. The PLS R^2 statistics were 0.28 and 0.30 for the Chinese group, respectively, and 0.35 and 0.59 for the American group, all statistically significant ($P < 0.05$). Based on the RMS Cov (E, U), the model fit was good for both groups, but marginally better for the American group (0.048) than for the Chinese group (0.093).

Manifest cultural differences

All of the parameter estimates representing the influences of Tension on the other four constructs are different across the two groups ($P < 0.05$). Providing support for Hypothesis I, for the Chinese negotiators, Attractiveness *mediates* the relationships between Tension and Trustworthiness and Expectations about Cooperativeness. That is, the difference between the American and Chinese parameter estimate for the Tension Felt→Attractiveness relationship is statistically significant based on a *t*-test ($P < 0.05$).

Greater Tension appears to encourage Agreement for the Chinese. Alternatively, for the Americans

Tension *directly* influences both Trust and Future Cooperation, has no influence on Attractiveness, and is inversely related to Agreement. Again, the difference between the Chinese and American parameter estimates for Tension→Agreement is statistically significant ($P<0.05$) and particularly supportive of Hypothesis III. The Chinese negotiators appear to agree in the face of greater tension.

Other differences between the groups are represented in Table 2. The Chinese executives consistently rated cooperativeness higher than did the Americans. An immediate concern is a potential response bias: that is, that the Chinese executives just responded to the scales differently even though their actual perceptions about their own team's and the American team's behaviors were really no different. However, there are two reasons to believe that response bias is not a problem with these data. First, we see no evidence of this problem for the measures of Attractiveness and Trustworthiness in the dataset. Second, in related work we have used almost identical scales with other groups of both Americans ($n=163$, average age=33) and Chinese in Hong Kong ($n=80$, age=30) participating in intracultural simulated negotiations (i.e., Kelley's game; Kelley, 1966), and we found no such differences in their responses.

It is also worth noting here that both groups tended to rate their counterparts as less cooperative than their own teams. That is, the differences between the PSS scores, own team *vs* other team, proved to be statistically significant ($P<0.05$) in *t*-tests.

Finally, consistent with Hypothesis II, the Americans reported more moments of tension (ANOVA, $P<0.05$) and tended to report tension occurring sooner in the negotiations, although the latter difference is of borderline statistical significance ($P=0.07$). No differences in the intensity of the tension felt were found across the two groups of executives.

An ancillary analysis

Please recall Hypothesis IV predicting cultural differences in the causes of tension. The literature suggests that tension for Americans will be caused more frequently by Chinese misrepresentations (indirectness) and time and procedural differences. Alternatively, tension for Chinese will tend to be caused by American aggressiveness and haste.

The study described heretofore has produced useful information about the consequences of tension felt during negotiations between Chinese and American executives. However, the closed-ended questions analyzed so far produced only limited insights regarding the antecedents of tension in the negotiations. Fortunately, the participants' viewing of their videotapes produced not only a useful measure of tension felt, but also their own accounts of the causes of that tension. These open-ended accounts are the focus of an ancillary content analysis reported in this section of the paper, which allows for some simple tests of Hypothesis IV.

The participants were asked to select moments when they felt tension while reviewing their videotapes. The participants were then asked to briefly describe the antecedents of the five moments of greatest tension as listed on pages 2–4 of the video review form. Overall, the participants generated 569 codable records of the antecedents of tension felt.

Development of the content analysis scheme

Similar to Pennington (1968), an inductive approach was used to develop the content analysis scheme employed in the study. Two of the authors familiar with the literature reviewed previously, and particularly with the list of antecedents of tension provided by Daly (1991), read all the subjects' responses on the video review forms. Based on that reading, 30 categories of antecedent were derived. Through discussion, categories were combined, reduced, and further refined. The two researchers then classified each of the participants' statements using this reduced list of categories. However, the intercoder reliability proved unsatisfactory.

The two researchers reviewed the discrepancies between the codings and reformulated the scheme into the one shown in Table 3. Both researchers recoded all the statements, and the intercoder reliability proved satisfactory (Scott's $\pi=0.637$). The final refined coding scheme contained 17 codes, which belong to three main categories:

(1) related to self or own team (seven codes);
(2) related to the other team (seven codes);
(3) related to the environment and structure of the negotiation and not directly related to either negotiation team (three codes).

Results of the content analysis

The results of the content analysis are reported in Table 3 as percentages. Both similarities and

Table 3 Categories, definitions, and counts

Main category	Code	Name	Definition	Observed counts (%)	
				Chinese	American
1. Factors related to self or own team	11	Within-team conflict	We have a conflict within our own team	2.1[a]	5.2[a]
	12	Role ambiguity	We are not sure about the role we are to play	1.2	0.4
	13	Mistakes	We make mistakes	1.8	3.4
	14	Lack of information	We are unable to respond to their questions/objections	4.8	4.3
	15	Our aggressive behavior	We use threats, warning, commands, pushiness	1.2	1.7
	16	Our intransigence	We make excessive demands, refusals – they avoid talking about the issues or will not compromise on the issues	2.4	3.0
	10	Other	Other factors related to self or own team	4.8	2.1
2. Factors related to the other team	21	Misrepresentation	They misrepresent the truth/ignore information provided	1.2[a]	6.4[a]
	22	Intransigence	They make excessive demands, refusals – they avoid talking about the issues or will not compromise on the issues	41.7	37.8
	23	Aggressive behaviors	They use threats, warning, commands, pushiness	8.0	5.2
	24	Uncivil behaviors	They use punishments, insults, animosity – things said to make us feel bad	4.2	3.0
	25	Ignore normative negotiation process	They do not follow 'normal' negotiation procedures	5.1[a]	12.0[a]
	26	Lack of good faith	Unprepared or lack authority to reach an agreement	1.8	1.7
	20	Other	Other factors related to the opposite team	4.2	2.1
3. Factors not related to either team	31	Deadlock	Unable to reach an agreement because of structure of negotiation	4.8	1.7
	32	Time limits	Specifically run out of time	5.1	5.2
	30	Other	Other factors that do not directly related to 'our' or 'their' team	6.0	4.7
		Total		100.0	100.0

[a]χ^2, $P < 0.05$.

differences across the two groups are evident. For both the Chinese and American negotiators, the primary cause of tension was the others' intransigence, at approximately 40% for both. For both groups about 5% of the moments of tension were caused by time limits. Both groups identified lack of information as another common source of tension, at about 4%.

The Chinese reported American aggressiveness (8%) and uncivil behaviors (4%) and deadlock (5%) as causes of tension more often than did the Americans, but these differences were not statistically significant based on χ^2 tests. The American negotiators reported moments of tension felt because of their own intra-team conflicts (5%), and Chinese misrepresentations (6%) and disregard for normative negotiation processes (12%) more frequently. These latter differences were statistically

significant based on χ^2 tests across the groups and are supportive of Hypothesis IV.

Discussion

Limitations

Here we have studied executives' behaviors in simulated negotiations. The simulation itself was designed to be difficult (Graham, 1984) so that negotiators would spend at least 1 h negotiating. The focus of the design was the creation of stimulating face-to-face interaction in a business setting with little regard for reaching quantitative outcomes. Further, negotiators are playing roles: do they really 'buy into' the long-term aspects of such commercial relations, or do they view this as a one-shot classroom exercise? So, the simulation itself and/or the states of mind it creates may or may not

reflect actual interactions involved in international commerce.

We have used words to measure emotional states. This approach is certainly error prone (cf. Zaltman, 1995, 1997). However, our methods, that is, the video review form, and particularly the data we have taken from it regarding intensity, quantity, and precocity, were all designed to minimize the use of verbal stimuli. Relatedly, it is difficult to sort out the effects of the Chinese mangers having to speak and read in their second language. Indeed, bilingualism is often seen as a distinct advantage in international negotiations.

One can certainly attack the claims about causality implied in our model of the phenomenon. The measures of tension were actually taken about 2 weeks after the actual interactions and completion of the questionnaires. However, we feel the methodological advance of providing an environment where participants might 'relive' the interaction, stimulated by the video viewing, helps to mitigate this issue (Nisbett and Wilson, 1977; Heisley and Levy, 1991). Further, Hui and Luk (1997) caution that a single study cannot hope to capture the depth of differences across cultures, and we have tried to take their admonition into account in our interpretations of findings.

The recording, both video and audio, might have been of higher quality, and this produced some limitations on the accuracy of reviewers' assessments: they could not hear everything said in some of the negotiations. This limited the participants' abilities to diagnose the causes of tension in their negotiations.

Finally, it would be very helpful to have directly comparable intracultural data to aid our interpretations. Although we would not expect it to be so, it may be that the same kinds of problems cause tensions in negotiations involving only Americans or only Chinese.

Consequences of tension

Despite the aforementioned limitations there has been much learned in our examination of the effects of tension in international negotiations. Foremost, it appears that tension plays important, but somewhat different, roles for each cultural group. For the Chinese executives, tension (an emotional construct) was influenced by the atmosphere of cooperation (more a cognitive construct) during the negotiations, as predicted by Rubin and Brown (1975); Barry and Oliver (1996); Ghauri and Usunier (2003). A cooperative atmosphere tended

to reduce tension felt, which in turn increased the interpersonal attractiveness of the Americans for the Chinese.

Consistent with some of the literature on the topic (e.g., Briley *et al.*, 2000; Bagozzi *et al.*, 2003), greater levels of tension felt by the Chinese executives appear to have actually promoted agreements in this simulation. Both Barry and Oliver (1996) and George *et al.* (1998) identify potential moderators of the relationship between emotion and agreement, and the simulation setting may have played that role. However, perhaps the best explanation has to do with Kumar's (1999) predictions that Chinese negotiators may accept an agreement at any cost to avoid the 'face spending' associated with an emotion-laden negotiation. In actual business negotiations, Chinese negotiators faced with emotional American counterparts are often reported to withdraw, usually giving only the most indirect explanations (e.g., Graham and Lam, 2003). However, the nature of the simulation and videotaping in this study may have made yielding the most socially acceptable option for the Chinese executives, particularly as no real dollars were involved.

Moreover, although greater levels of tension may have worked to the Americans' favor in this simulation, it is clear that they did damage to the all-important interpersonal relationships with their Chinese counterparts. Consistent with the comments of Salacuse (1991) and Daly (1991), higher tension had a negative influence first on interpersonal attraction, then on trustworthiness, and finally on expectations about American cooperativeness in the future. That causal chain explained reasonable amounts of variance in the endogenous variables for the Chinese executives.

All of this is consistent with the notion that the Chinese business tradition treasures the importance of interpersonal relationships and the significance of personal qualities such as integrity and demeanor (Lee, 1996). Experience from an encounter (business, social, or even casual) will shape the way Chinese managers evaluate potential partners. That evaluation will in turn affect their way to handle future business relationships with those particular individuals. It is a common practice for Chinese businesspeople to 'create' different opportunities to 'test' other executives and see whether they are trustworthy (Lee, 1996). Only when the test results are really satisfactory would substantial business be transacted. The Chinese

would not otherwise invest the time and resources to build up the business partnership.

The model worked very differently for the American executives. We were unable to find antecedents of tension for them among the data from the closed-ended questions. This disappointing aspect of our study is further discussed in the next section. However, the Americans did feel tension during their negotiations with the Chinese. Indeed, their feelings of tension were more frequent, and were felt somewhat sooner than those reported by the Chinese executives. The tension felt apparently was not caused by the degree of cooperativeness of the Chinese, and it had no effect on the Americans' liking of their Chinese counterparts.

However, tension felt appears to have hurt the chances for agreement for the Americans, as predicted by Rubin and Brown (1975) and Lewicki *et al*. (1994) among others. Although not influenced by tension felt, interpersonal attraction did have a strong influence on trust, and trust had a very strong effect on American expectations about future Chinese negotiation behaviors. Finally, tension felt also had important direct and negative consequences on both perceptions of trustworthiness and predictions about the future cooperative behavior of the Chinese.

Perhaps for the Americans there is an assumption that the other team is simply acting competitively on behalf of the interests of their company and themselves. And for Americans a competitive approach is to be expected – even respected – in a business negotiation (e.g., Karrass, 1985; Tannen, 1998). 'There is nothing *personal* about this' – makes sense in American culture. This is perhaps due to strong values for objectivity and the associated success of a popular negotiation sermon – 'separate the people from the problem' (Fisher *et al*., 1991: 131).

Both the Chinese and American executives rated their foreign counterparts as less cooperative than their own teams. Contributing to these perceptions are both the difficulty of the negotiation simulation itself and the intercultural setting. The Americans' more negative forecasts about future negotiations with the Chinese executives can be directly attributed to their own greater feelings of tension. There were no cross-cultural differences in the other two antecedents – that is, liking and trust. Why the Americans felt tension more frequently and somewhat sooner than their Chinese counterparts is not readily apparent, but a few explanations do come to mind. The Americans had done the

traveling: perhaps jet lag or the foreign environment created higher levels of tension. Or, beyond this home-court advantage for the Chinese, it may be that Hong Kong culture is just more cosmopolitan than southern California. That is, Chinese managers more often encounter cross-cultural business interactions. Finally, the Chinese managers also had the advantage of being bilingual.

Measuring felt tension

Combining the three dimensions of tension felt – intensity, frequency, and precocity – proved most worthwhile. No one of them alone demonstrates nomological validity, but used together they do constitute a useful measure of the fundamental construct of our study, tension felt during negotiations. Based on our findings it is clear that how people *feel* during negotiations has important effects on their *thinking* about negotiation partners and the prospects for future interactions. Also, for the Chinese executives an overall atmosphere of cooperation affected their emotional state during the negotiations.

However, for American executives no antecedents of tension were found among the data from the closed-ended questions. We had in fact cast a wide net, particularly in examining the data and measures taken from the pre-simulation questionnaires. These included negotiators' ethics (Lewicki and Stark, 1996), internationalism, language skills, negotiation skills, listening skills, foreign living experience, team skills, extroversion, gender, work experience, and percentage of work with people outside the company. None of these demographic or psychological traits on the part of the negotiators or their foreign counterparts seemed to make a difference in tension levels. In retrospect, we should not have been surprised by this. The absence of significant relationships with these traits reflects the view that individual differences might play a far less important role in affecting negotiation outcomes than many researchers initially expected (Lewicki *et al*., 1994: 324–348). Moreover, Mintu-Winsatt and Graham in a series of studies (e.g., Calantone *et al*., 1998) have considered the impact of comparably long lists of personality and organizational traits, and they have consistently reported that process-related variables (e.g., PPS) dominate in determining negotiation outcomes.

Antecedents of tension and the content analysis

Equally for both the Chinese and Americans, intransigence on the other side of the negotiation

table was the most frequent cause of tension felt. One Chinese executive explained on the review form: 'The other team stood tight on delivery charge, made us mad.' An American wrote: 'They requested a 30% reduction in global price, which was 20% more than I was allowed or expected.' As reflected in the American's statement, the intransigence may be in large part a result of the structure of the simulation. Likewise, both groups were equally affected by the time limits imposed by the simulation. Representative of the written comments of both American and Chinese negotiators is: 'Being under pressure of a ticking clock and trying to finalize the agreement in the last five minutes resulted in numerous errors in our negotiation strategy...' Daly (1991) does list excessive demands high on this list of anger triggers. However, the literature suggests that the Chinese might display less intransigence (e.g., Briley *et al.* (2000) and less concern for issues related to time (Hall, 1976; Pye, 1982); but no such differences were discovered here.

Aggressive behaviors were important causes of tension for both groups, but to a differing extent. Most working in the area, such as Bond (1991), might find aggressive behaviors on the part of the Chinese as surprising, but from the Americans as expected. One Chinese negotiator described the Americans' behavior: 'The purchaser threatened to call it off.' One American reported the Chinese to be aggressive, but more indirectly so: 'Other team stated that our 20% expedite fee for early delivery ''doesn't help them'' – implying we weren't working with them.'

Americans much more frequently attributed their tension felt to the Chinese not following normative negotiation procedures. For example, one American wrote: 'A return to low price request. Again returning to ground we covered already.' Another reported: 'They opened the conversation by stating that there were more issues to discuss. I was angered by this re-opening.' Such comments and the overall differences are quite consistent with the American sequential approach *vs* the Chinese holistic approach, as described by Nisbett (2003) and Graham and Lam (2003).

Finally, the American negotiators more frequently felt tension because of what they referred to as Chinese misrepresentations. Misrepresentations are the first trigger of anger in negotiations, as listed by Daly (1991). Two of the Americans' comments are exemplary: 'We were not getting a straight answer,' and 'I don't believe the other team

is being very truthful with us; their credibility is suspect.' There is discrepant information across teams in the simulation instructions, but the Chinese apparently did not attribute the discrepancies manifested as evidence of 'misrepresentation'. The Americans did. Such differences perhaps are explained by the American focus on information – that is, getting it straight – whereas the Chinese are more interested in maintaining interpersonal harmony, face saving, and finding 'the way'.

Future research
The contributions of this study are several. This is one of the first empirical studies to consider emotion in international business negotiations. We have developed a useful measure of tension felt in negotiations, and have demonstrated its nomological validity. We have demonstrated that tension and interpersonal attraction work in different ways in determining outcomes of negotiations for Chinese and American executives. Finally, we have shown some similarities and differences in the causes of tension felt by Chinese and American negotiators. However, more work needs to be done in this area.

The laboratory work represented here must be augmented by good fieldwork on international business negotiations. The contributions of Weiss (1990) and Ghauri and Fang (2001) provide excellent examples. Other cultures should be studied as well, as emphasized by Hui and Luk (1997). We know from the negotiations literature that the role of cultural differences varies across international dyads. That is, problems between Chinese and American negotiators that are identified and studied may or may not crop up between Chinese and Germans, for example.

We recognize that we have left many questions unanswered. Here, we have focused on individual negotiators as the units of analysis. Our future work with these data will consider points of tension as the units of analysis, as did Graham and Andrews (1988). This will allow us to delve deeper into the antecedents and consequences of tension using third-party observers, further exploiting the richness of the videotape data. For example, we shall be able to measure the coincidence of feelings of tension across negotiation groups and/or determine what causes the highest intensity of feelings for the Chinese and American executives. Thus we see the data and findings presented here as just a first step toward a better understanding of tension in international business negotiations.

Finally, we have found emotion to be a central construct in international business negotiations. This is not a surprise. What is surprising is that so little effort is being put into understanding how emotion influences management interactions. Useful ways are being developed for measuring emotions in marketing and management (e.g., Graham, 1990; Zaltman, 1995, 1997; Petty and Cacioppo, 1996; Verbeke and Bagozzi, 2000), and we hope our efforts here will encourage others working in the area.

Acknowledgements

Notes

[1] Herein we use the term 'Chinese' to generally represent negotiators from the greater China. When the researchers we cite use more specific terms, we have tried to reflect their specificity. Regarding our own study, we have used 'Hong Kong' and 'Chinese' interchangeably. Also, in this study, we have used the term 'American' to mean businesspeople from the US. We apologize to our fellow North and South Americans for borrowing the appellation.

[2] Hofstede (2001) reports the following scores for the PRC as similar to Hong Kong: IND=20; PDI=80; and LTO=118.

[3] Hofstede (2001) reports the following scores for Canada as similar to the US: IND=80; PDI=39; and LTO=23.

[4] There were no differences ($P < 0.05$) found in any of the variables used in the study between participants in six-person *vs* five-person negotiation groups.

[5] For example, sometimes groups agree on a leasing arrangement even though there is nothing in the simulation instructions about such an option.

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