

## A Comparison on Intercultural Business Negotiations of Asia's Four Little Dragons

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### ABSTRACT

*The Four Little Dragons have experienced growth rates between 5 and 10 percent over the last decade and are the recipients of the largest capital transfer in the region. Despite the enthusiasm for increased economic exchange, however, people are finding that cultural differences hinder their ability to efficiently conduct business. In this research, Casse and Deols' model of negotiation styles are dependent variables, and cultural factors are utilized as independent variables to examine how cultural differences affect negotiation styles. Data are collected from public companies by means of an online survey, and the snowball sampling method is applied. Structural equation modeling is selected to measure hypothesized models and research hypotheses. The findings show that (1) an individualist attitude directly affects the style of negotiation; (2) nationality is a moderated variant of individualist attitude and style of negotiation; and (3) different styles of negotiation are preferred by negotiators of the Four Little Dragons. The researcher hopes this study can improve the understanding of the negotiation styles used by the Four Little Dragons and help business people develop better strategies to reap increased benefits and to maintain their competitive advantage. Additionally, a comparison can be made of the differences and similarities among the styles of negotiation used in a number of different countries, such as BRIC, or within specific regions, such as Germany. Furthermore, future studies can employ a qualitative method and other factors, such as gender or ethics to examine and add value to the current findings.*

**Key Words:** Culture · Negotiation · Four Little Dragons · SEM

### 1. Introduction

During the past thirty years, the countries of East and Southeast Asia have been among the most economically dynamic regions in the world and have experienced the fastest rate of economic growth (Clark & Jung, 2002, 2004; Hung, 1998; Kirkbride & Tang, 1992). Nearly one-half of the Asian population lives in Pacific Asia, and over one-half of all economic activities in the world are conducted in this region (Wenzhao, 1999). Due to the rising economy, many business people and investors are interested in determining the marketing strategies employed in Pacific Asia (Tai & Tam, 1996). Furthermore, in understanding the far-reaching political and cultural implications of the tremendous economic development in the region (Lee, 2007).

Among the Asian markets, the Four Little Dragons, which are Taiwan, Hong Kong, South Korea, and Singapore, are attracting more than thirty percent of all foreign investments in the Association of Southeast Asian Nations (ASEAN), and are recipients of the majority of the capital transfer in the region (Lee, 2007). Over the last decade, the Four Little Dragons have experienced growth rates between 5 and 10 percent (Schmitt & Pan, 1994). According to the World Trade Organization (WTO), the amount of merchandise imported to and exported from the Four Little Dragons totaled US\$ 2,261.9 billion in 2009, thus ranking them between 9<sup>th</sup> and 18<sup>th</sup> in the world trade market.

Globalization and economic openness in the 21<sup>st</sup> century have contributed to the increased international engagement of countries in negotiations. Both foreign investment and international trade are growing substantially, causing increased interdependence of national economies and furthering the globalization of companies. Due to their size and rapid economic development, the Four Little Dragons have become an increasingly important factor in the world economy. As the economies within the Four Little Dragons become more internally integrated, an evident failure to understand the cultural differences appears to hinder the ability of firms to conduct business negotiations efficiently with outside countries and regions. As the frequency of face-to-face negotiations continues to increase, the nature of the strategies, styles and agreements used in negotiations are becoming increasingly more important (Kumar, Markeset & Kumar, 2004).

Negotiation plays an important role in conflict resolution, and is essential to understand thoroughly how disparate approaches to negotiation affect procedures and outcomes (Boyer, Urlacher, Hudson, Niv-Solomon, Janik, Butler & Brown, 2009). Differences in negotiating styles originate from the fact that every society places varying degrees of importance on areas such as negotiating strategies and decision-making methods (Acuff, 1997). Negotiating effectively is an important skill in our individual lives, as members of groups, and particularly in business (Farazmand & Tu, 2012). Successful negotiations not only require technical communicative abilities but also a mutual understanding of the context of the negotiations (Korobkin, 2000). Numerous factors affect the results of the negotiating process (Tu, 2012). Lee and Trim (2008) suggest that a shared organizational culture could help in the management of international partnerships, and, therefore, the international community should make genuine strides to learn about the methods of negotiation common to other cultures.

At present, studies that explore the impact of culture on negotiations between two or more countries are being developed and implemented. While there is a significant amount of literature that compares the negotiation styles of each of the Four Little Dragons with foreign countries, very little research exists that explores and compares the negotiation styles of each of the Four Little Dragons with each other. For filling the gap, this study examines several hypotheses regarding the influences that culture has on the styles of negotiation as it realizes that nationalities are a moderating variant that affect attitudes toward individualism and styles of negotiations and that styles of negotiation differ according to culture, and seeks to identify the implications for international negotiations throughout the business world and to identify areas for further research.

## **2. Literature Review**

Culture is a set of shared values and beliefs that characterizes the behavior of groups with respect to specific determinants, such as nationality, ethnicity, and morality (Adapa, 2008; Craig & Douglas, 2006; Faure & Sjøstedt, 1993). Culture is as a pattern of shared basic assumptions of a society according to national, organizational, regional, ethical, religious, linguistic, and social characteristics (Chen & Staroata, 1998; Schein, 1997). Schein (1997) adds that culture is a pattern of shared basic assumptions that a group learns and adopts as it solves its problems of external adaptation and internal integration; these assumptions have been sufficiently successful and are, therefore, considered valid. Thus, these assumptions are taught to new members as the appropriate way to perceive, think, feel, and react in relation to those problems (Schein, 1983). Because subcultures, cultures, and super-cultures merge and evolve over time and because they are less bounded than they used to be, they have become much more porous and varied over time (Barbash & Taylor, 1997).

Culture is a group-level rather than individual-level construct (Bret & Crotty, 2008). Some researchers report that cultural values measured at the individual level do not predict behaviors very well (Kitayama, 2002; Morris & Fu, 2001), and using the individual level to predict behaviors violates fundamental conceptualization (Bret & Crotty, 2008). Brett (2001) points out that a nation's social, political, and economic institutions reflect on cultural values, beliefs, and norms, therefore, national boundaries provide appropriate distinctions for studying the cultural effects on negotiations (Brett & Crotty, 2008).

With the goal of helping to distinguish between the cultures of different countries, Hofstede (1980, 1994) formulates the theory of cultural dimensions and identifies the major variables of cultural differences. Hofstede posits that cultural differences influence conduct, decision making, and communication in business and that both collectivist and individualist values play a prominent role in the important areas of cross-cultural psychology, international management and religion (Hofstede, 1993; Kim, Triandis, Kagitcbasi, Choi & Yoon, 1994; Triandis, 1995). Of Hofstede's four cultural dimensions, the cross-cultural studies of negotiation most often rely upon the concepts of individualism and collectivism (Bazerman, Curhan, Moore & Valley, 2000). Stevens and Greer (1995) point out that people who are from collectivistic cultures support and help group members, and tend to more long-term relationships than individualists (Erez & Early, 2001). Tinsley and Pillutla (1998) propose that cultural differences in individualism/collectivism will account for the differences in self-interest and cooperative behavior of negotiators, and understanding that collectivistic cultures thrive in win-win situations will lead to positive integrative decisions (Stevens & Greer, 1995).

In the broadest sense, negotiation is a type of social interaction that satisfies all parties, regardless of their different objectives or interests (Foroughi, 1998; Gulbro & Herbig, 1994; Manning & Robertson, 2003). The process of negotiation that occurs between a buyer and a seller, for example, is of great importance to both

parties (Federici-Nebbiosi, 2007; Neslin & Greenhalgh, 1983), and the achievement of success through negotiation is considered to be one of the most challenging tasks that a business faces in terms of its communicative activities (Gilsdorf, 1997). However, the individual culture of each party determines, to some degree, the way each party thinks as well as the values, norms, and behaviors of each party (Hung, 1998; Simintiras & Thomas, 1998; Woo & Pru'homme, 1999).

Gulbro and Herbig (1994) claim that different cultures employ different styles of negotiation and that these differences in style are the product of differences in protocols, means of communication, strategies of persuasion, and personal characteristics, including accommodation, determination, flexibility, and adaptation (Hung, 1998). Those who specialize in negotiation must understand the styles of negotiation preferred by the different foreign entities. This understanding is gained by studying the cultural beliefs and norms of the various countries (Chang, 2003). In addition, negotiators must view the process from the perspective of the other party to understand the other party's goals and objectives as fully as possible (Fisher, 1983). Wheeler (2004) suggests that negotiations can be fruitless if the parties have no shared understanding of the objectives of the process. Janosik (1987) adds that an approach that is informed by shared values is the method most frequently used in the process of negotiating.

A range of factors complicate cross-cultural negotiations. These factors include those related to environment, language, ideology, and customs (Hoffmann, 2001, Mintu-Wimsatt & Gassenheimer, 2000). Gulbro and Herbig (1995, p.3) state that "when negotiating internationally, this translates into anticipating culturally related ideas that are most likely to be understood by a person of a given culture." A number of authors assert that culture is one of the most important factors involved in cross-cultural negotiation (Chang, 2002; Chua & Fujino, 1999; Fan & Zigang, 2004; Gulbro & Hrbig 1994; Hofstede, 1980; Salacuse, 2005; Schein, 1997; Whitcomb, Erdener & Li, 1998; Woo & Prud'homme, 1999). Because of the level of sophistication of the knowledge that is required to conduct these exchanges, many negotiators are unsuccessful in reaching agreements as a result of the challenges involved in overcoming cultural differences, as opposed to any economic or legal problems (Gulbro & Herbig, 1995).

Jung (1973) indicates that there are two ways to perceive information from the outside world; they are the perceiving and the processing functions. The perceiving functions include senses and intuition, while the processing functions focus on thinking and feeling. The perceiving functions are accordant to D'Andrade interpretation of culture in 1984 that "learned systems of meaning, communicated by means of natural language and other symbol systems...capable of creating cultural entities and particular senses of reality" (p.116). The processing functions are consistent with Simintiras and Thomas (1998) and Schein (1983) cultural notions that culture is as a set of accepted values and norms that influence the ways in which people think, feel, and behave.

Casse and Deol (1985) explain that when a situation employs the sensing function, people focus on the facts and try to be factual, objective, neutral, and as accurate as possible. On the other hand, when people access the intuition function, they apply imagination, looking for possibilities and opportunities, and they project into the future of the situation. When applying the thinking function, people process information through the senses and through intuition in a logical, neutral, objective, analytical, systematic and scientific way. When people apply the feeling function, they process data relevance and importance using their personal value system. Casse and Deol (1985) go a step further to define the four dominant physical functions by determining the nature of four negotiation styles as follows: the sensing function is factual; the intuition function is intuitive; the thinking function is analytical; and the feeling function is normative. The theoretical propositions inform the development of following research hypotheses:

- H1: The cultural characteristic related to an individualist attitude is a direct path and is a factor that significantly affects the style of negotiation.
- H2: Nationality is a moderated variant between individualism and the style of negotiation.
- H3: Among the Four Little Dragons, negotiators prefer to employ different styles of negotiation.

### 3. Method

A quantitative, exploratory (comparative) and explanatory (correlational) study was conducted to assess the relationships among the Four Little Dragons, individualism and negotiation styles. The theory of Casse and Deol (1985) informs the model used in this study. The model examines the influence of culture on the four different

styles of negotiation (FA, IN, NR and AN). In this study, the individualist characteristics that reflect cultural differences are the independent variables, and the four styles are the dependent variables as hypothesized model (Figure 1).

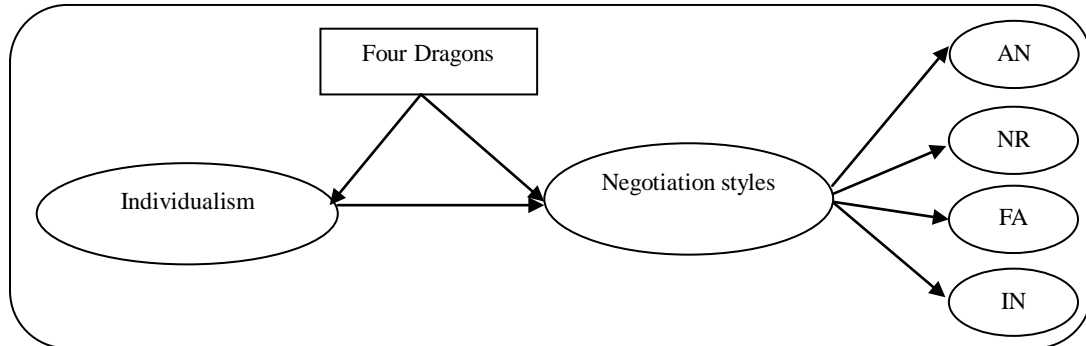


Figure 1: Hypothesized Model

### 3.1 Instrumentation

A three-part questionnaire for cross-cultural negotiation styles (QCNS) have subsequently conducted content analysis, EFA (Tu, 2007), and reliability studies (Tu, 2007; Tu, 2010; Tu & Chih 2011; Farazmand, Tu & Daneefard, 2012), and is revised to measure the three research variables of individualism, the style of negotiation and the socio-demographic profile.

In the questionnaire, three items are designed to examine the individualist characteristics and each negotiation style by means of a five-point Likert scale. There are five possible responses for each statement: 5 = Always (100% of the time); 4 = Often (approximately 75% of the time); 3 = Occasionally (approximately 50% of the time); 2 = Seldom (approximately 25% of the time); and 1 = Never (0%). There are a total of 15 questions assessing the individualist characteristics and four styles of negotiation.

The survey measurement also considered the socio-demographic characteristics of the participants. For the demographic variables, participants provided their own responses, and the questions and the coding schemes include gender, education, age and region of birth.

### 3.2 Population and data collection

The population chosen for the study included CEOs and sales and purchase managers from approximately 3,000 public companies listed on the Taiwan Stock Exchange Corporation (TSEC), the Hong Kong Exchanges and Clearing Limited (HKEx), the Korea Exchange (KRX) and the Stock Exchange of Singapore. Any company listed on these stock markets had the potential to be included in this study. Data were collected using an online survey with a hyperlink to the survey website that was provided on each e-mailed invitation. Versions of the survey were translated by the AT-Link Group into traditional and simplified Chinese, English, and Korean and were posted on the research website of my3q.com. All participants were directed to preferred language versions in the invitation e-mail, and the survey was accessible on the Internet without contact with the researcher.

Sheehan (2001) reports that the average response rates for online survey are 36.83 percent. As the return rate of online surveys is not high, a snowball sampling method was also used to recruit eligible participants from a variety of community sites to ensure that a large enough number of online survey responses were obtained. In this procedure, an invitation e-mail was sent to CEOs and sales and purchase managers with a request that the e-mail be passed along to additional eligible participants e.g., business partners, colleagues.

Altogether, 350 invitations were e-mailed to potential participants of public companies in each country. To avoid sampling errors, the population was collected from all different sectors of the stock markets in the four countries. A random sample was obtained from each of the sectors using stratified random sampling. The method allows the researcher to select a sample that accurately reflects the diverse sectors and characteristic patterns in the population of interest (Wallen & Fraenkel, 2001).

### 3.3 Methods of data analysis

Shemwell (1996) indicates that structural equation modeling (SEM) is becoming increasingly important as it employs sophisticated statistical techniques, particularly in the context of cross-cultural behavioral studies; thus, it has become a popular multivariate approach, providing a means of assessing theories that is conceptually appealing (Hair, Black, Babin & Anderson, 2010).

AMOS software (version 18.0) and SPSS 14.0, which includes an SEM package with maximum likelihood estimation, were used to test both the measurement and the structural models that relate to the research hypotheses. This study also made use of a number of criteria to determine the inclusion of items and the goodness of fit of the model. Hair et al. (2010) suggested a six-stage procedure for employing SEM, to which was also adhered.

## 4. Data Analysis and Results

The collection of data lasted for one month during which time 1400 e-mail invitations were sent, and 471 were returned. However, 21 of the questionnaires were incomplete or invalid. All questionnaires were coded for statistical analysis. From the 450 complete and valid responses, there were 105 (23.3%) usable questionnaires from Taiwan, 134 (29.8%) usable questionnaires from Hong Kong, 104 (23.1%) usable questionnaires from Singapore and 107 (23.8%) usable questionnaires from South Korea. Of the total, 336 (74.7%) respondents were male, and 114 (25.3%) were female. With respect to education, 55 (12.2%) respondents had a high school diploma or less, 21 (4.7%) held an associate's degree, 224 (49.8%) held a bachelor's degree and 150 (33.3%) had a graduate degree. The majority of respondents were 45 years of age or younger with 89 (19.8%) of the respondents under 35 years old, 183 (40.7%) between 35 and 45, 110 (24.4%) between 46 and 55 and 68 (15.1%) over 55.

The five dimensions and 15 items of the QCNS scale were evaluated using EFA before conducting CFA. For the EFA, the KMO value of the variables used in the study was .80, indicating that the data from the results were sufficiently robust to allow EFA. The values of Bartlett's test were  $\chi^2 = 3967.48$ ,  $df = 105$  and  $p = .000$ , which implies that all the items in this study were sufficient for research in social science and for factor analysis. The extraction and rotation sums of the squared loading of the total variance explained were 81.28%. All the values of factor loading lay between .85 and .91. The five dimensions of Cronbach's coefficient alpha were between .87 and .90, which indicated an internal reliability of the consistency of the instruments used in the present study that was appropriate for research in social science.

The univariate normality of skewness and kurtosis values and the multivariate normality were used to assess the normality for the CFA model. The most commonly used critical values of univariate normality are  $\pm 3$  and  $\pm 10$  (Kline, 1998). All the values of skewness are between .099 and  $-1.42$ , and the values of peakedness lay between  $-1.14$  and  $-1.29$ . The observed variables all have univariate normal distributions. The value of the Mardia statistic is for a multi-normality measurement, and Bollen (1989) indicates that if the value of Mardia is smaller than  $p(p+2)$ ,  $p$  indicating the amount of observed variables, all dimensions reach multi-normality. In the study, the value of Mardia is 21.92, which is smaller than  $15(15+2)$ , indicating a multivariate normality distribution.

The property of unidimensionality implies that a set of variables can be measured using one underlying construct (Gerbing & Anderson, 1988). For individualism and the four negotiation styles, the value of  $\chi^2$  is between .10 and 4.18, and the  $p$ -value associated with this range is from .12 to .95. The results indicate that the assumption of the homogeneity of variances is not violated as Levene's test rejects the hypothesis ( $p > .05$ ) that the means of the variances were unidimensional.

The validity of the construct is measured using convergent and discriminant validity. The criteria are determined from the evaluation of the factor loadings (above 0.5), composite reliability (above 0.6) and average extracted variance (above 0.5) (Fornell & Larcker, 1981; Hair et al., 2010). In the structural models, all the factor loading estimates are higher than .75, composite reliability (CR) values range from .87 to .90, and all the extracted average values of variance lay between .68 and .75. This evidence supports the convergent validity of the measurement model.

Bagozzi and Phillips (1982) posit that metrics support discriminant validity if the upper and lower limits of the computed confidence interval do not include the number 1. In the present research, a model was constructed for each of the 10 paired correlations of the latent variables. The correlation was then set between the two constructs to 1, and a 95 percent confidence interval was applied as a bootstrap. All values of paired correlations of the latent variables range from  $-.62$  to  $.43$ , which indicates discriminant validity among the theoretical constructs.

To allow for cross-cultural comparisons, a cross-validation strategy is used to assess the stability of the model. This method involves the random splitting of all samples into a calibration sample and a validation sample. MacCallum, Roznowski, Mar and Reith (1994) report that there are three methods to assess cross validity. First, for the loose replication strategy, the value of assuming a model unconstrained to be correct if  $\chi^2$  is 14.50, and the  $p$ -value associated with this result is .15. Second, for the moderate replication strategy, the value of assuming model measurement weights to be correct if  $\chi^2$  is 11.34, and the  $p$ -value associated with this result is .08. Third, for the tight replication strategy, the value of assuming the model structural covariances to be correct if  $\chi^2$  is 8.79, and the  $p$ -value associated with this result is .19. All the  $p$ -values show no significant differences between the two split samples, which leads to the measurement invariance.

The results of the SEM model are shown in Figure 2, and the goodness-of-fit indices are reported in Table 1. The overall model fit for  $\chi^2$  is 202.73. The  $p$ -value associated with this result is .00. The  $p$ -value is significant using a type I error rate of .05; thus, the  $\chi^2$  goodness-of-fit statistic does not indicate that the observed covariance matrix matches the estimated covariance matrix within the sampling variance. According to previous research, a number of indices are available to evaluate model fits (Bentler, 1990, 1992; Fornell & Larcker, 1981; Jöreskog & Sörbom, 1992), but no single index or standard is generally agreed upon; hence, multiple criteria should be used to evaluate the overall fit of the theoretical model (Bagozzi & Yi, 1988; Hair et al., 2010).

The value of RMSEA, which is an absolute fit index, is .05. This value is smaller than the guideline value of .08 for a model with 15 measured variables and a sample size of 45. Therefore, RMSEA supports the model fit. The value of GFI (.95) is higher than the guideline value. RMR (.05) and SRMR (.09) are slightly higher than the guideline values. The normed  $\chi^2$  is 2.07; values less than 3.0 are considered to be very good. Thus, the normed  $\chi^2$  suggests an acceptable fit for the structural model.

In the SEM model, the CFI has a value of 0.98, which exceeds the CFI guidelines for a model of this complexity and sample size. The other incremental fit indices (NFI = .95 and RFI = .94) also exceed the suggested cutoff values. All the incremental fit indices present an acceptable fit. The parsimony index of AGFI has a value of .97 and the PNFI is .78. Both indices represent a good model fit, given the acceptable critical value. The overall structural fit results of these analyses indicate that the model provides a reasonable fit.

Table 1: The Goodness-of-fit Indices of SEM Model

GOT Indices	Criterion Guidelines	SEM
<b>Chi-square (<math>\chi^2</math>)</b>		
Chi-square		202.73
Degree of freedom		98
Probability	$p > .05$ (Jöreskog & Sörbom, 1992)	.00
<b>Absolute fit measures</b>		
GFI	$> .90$ (Hair et al., 2010)	.95
RMSEA	$< .08$ (Browne & Cudeck, 1993)	.05
RMR	$< .05$ (Wu, 2009)	.05
SRMR	$< .05$ (Jöreskog & Sörbom, 1992)	.09
$\chi^2/df$	$< 3$ (Hair et al., 2010)	2.07
<b>Incremental fit measures</b>		
NFI	$> .90$ (Bentler, 1992)	.95
RFI	$> .90$ (Hair et al., 2010)	.94
CFI	$> .90$ (Gerbing & Anderson, 1992)	.98
<b>Parsimony fit measurement</b>		
AGFI	$> .80$ (MacCallum & Hong, 1997)	.93
PNFI	$> .50$ (Wu, 2009)	.78

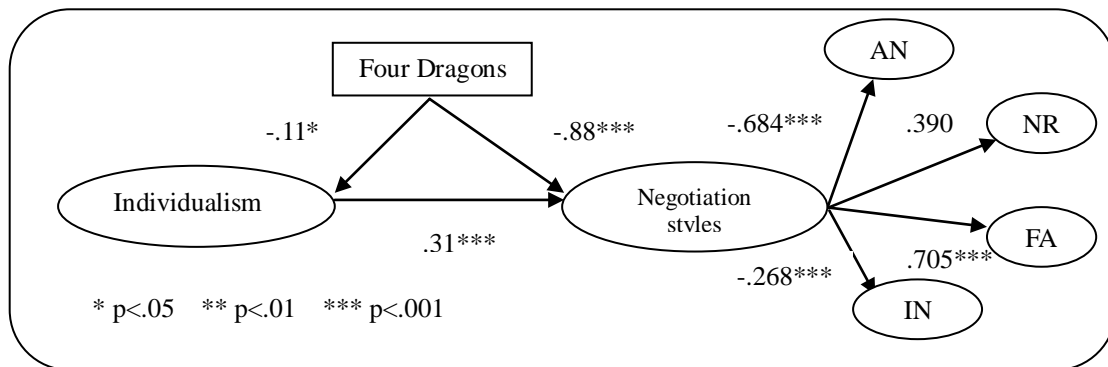


Figure 2: SEM Model

For H1, the unstandardized parameter estimates (Table 2) have a value of .24, the value of the standardized parameter estimates is .31, and the  $t$ -value is significant ( $p = 6.39***$ ).

Table 2: Parameter Estimates for the Structural Model

Structural Relationship	Unstandardized Parameter Estimates	Standardized Parameter Estimates	S. E.	$t$ -value
H1. IC $\rightarrow$ Neg	.24	.31	.04	6.39***

\*\*\* The mean difference is significant at the .001 level.

For H2, the present research establishes four country-based groups to look for significant differences. A multi-group SEM was used to test the moderation. The CFA measurement invariance was estimated at the start of the cross-validation. As shown in Table 3, the value of  $\chi^2$  is 31.45, and the  $p$ -value is .00.

Table 3: Assuming Model Unconstrained to be Correct

Model	DF	CMIN	P	NFI Delta-1	IFI Delta-2	RFI rho-1	TLI rho-2
Moderation	3	31.45	.00	.01	.01	.01	.01

For H3, Hair et al. (2010) indicate that multi-group analysis provides a comprehensive framework for testing the differences between two or more samples of participants. The approach of measurement equivalence is employed, and multiple CFAs extend to separate samples to determine equivalence.

The following data are shown in Table 4. For Taiwan, the estimated values for the intuitive, normative, factual and analytical styles are -1.02, .41, .02 and -.32, and *t*-values are -20.08\*\*\*, 6.22\*\*\*, .25 and -4.72\*\*\*, respectively. For Hong Kong, the estimated values for the intuitive, normative, factual and analytical styles are .19, -.23, .64 and -.42, and *t*-values are 2.86\*\*, -3.53\*\*\*, 10.99\*\*\* and -5.71\*\*\*, respectively. For Singapore, the estimated values of intuitive, normative, factual and analytical styles are .90, -.27, -.30 and .43, and *t*-values are 12.55\*\*\*, -3.56\*\*\*, -4.66\*\*\* and 5.29\*\*\*, respectively. For South Korea, the estimated values of intuitive, normative, factual and analytical styles are -.04, -.51, -1.11 and 1.12, and *t*-values are -.56, -8.18\*\*\*, -15.72\*\*\* and 14.18\*\*\*, respectively.

Table 4: Estimates of Negotiation Styles of Four Little Dragons

Variables	Variables	Estimate	S.E.	t-value
Taiwanese	IN	-1.02	.05	-20.08***
	NR	.41	.07	6.22***
	FA	.02	.07	.25
	AN	-.32	.07	-4.72***
Hong Kong	IN	.19	.07	2.86**
	NR	-.23	.07	-3.53***
	FA	.64	.06	10.99***
	AN	-.42	.07	-5.71***
Singaporean	IN	.90	.07	12.55***
	NR	-.27	.08	-3.56***
	FA	-.30	.06	-4.66***
	AN	.43	.08	5.29***
South Korean	IN	-.04	.07	-.56
	NR	-.51	.08	-6.18***
	FA	-1.11	.07	-15.72***
	AN	1.12	.08	14.18***

\*\*\* The mean difference is significant at the .001 level; \*\* The mean difference is significant at the .01 level.

## 5. Discussion

This is the first known study that employs the theory of Casse and Deol to compare negotiation styles of the Four Little Dragons. This study examines the assumption that culture influences the style of negotiation. The major findings indicate that the individualist attitude is a direct, positive and significant factor that affects the style of negotiation. The first finding supports H1, and the result is consistent with the findings of Oetzel and Ting-Toomeys in 2003. For H2, the results show that nationality is a moderated variant between individualism and the style of negotiation (H2 supported). For H3, the results indicate that negotiators from Taiwan primarily prefer the normative style of negotiation; negotiators from Hong Kong primarily prefer to employ the factual style of negotiation; negotiators from Singapore primarily prefer to employ the intuitive style of negotiation; and negotiators from Korea primarily prefer to employ the analytical style of negotiation.

Culture is what makes Easterners different from Westerners, and it makes a Chinese a Chinese and an American an American (Du-Babcock, 1996). Casse (1984) states that people belonging to different cultures do not share the same ways of thinking, feeling, and behaving. Osman-Gani and Tan (2002) indicate that subtle differences and nuances could make all the difference in cross-cultural negotiations. Although the Four Little Dragons are in close geographic proximity and are affected by Confucianism, each has developed unique practices relating to business



negotiations which have been greatly altered by the varied socio-political systems. The historical background has served as a major influence on all aspects of business and negotiations among the Four Little Dragons (Morris, 1996).

Miller, Yang and Chen (1997) state that Taiwan is characterized by a blend of different cultural influences as a result of having been controlled by a number of different imperial powers including Denmark, Spain, and Japan. For example, in 1842 Hong Kong was ceded to Britain because of the opium problem. After 156 years of colonial rule, Hong Kong was returned to China on July 1, 1997. Hong Kong typically follows British practices (Tu, 2007), and the characteristics in Hong Kong are different from Taiwan (Bray & Qin, 2001). Singapore was found in a Chinese account from the 3<sup>rd</sup> century. It eventually emerged from the Malaysian federation and became a British colony until the end of the twentieth century. Korea, previously governed by both China and Japan, is deeply influenced by Chinese culture.

Furthermore, Lee (2002) states that among the Four Little Dragons Taiwan and South Korea have indigenous cultural traditions, while Hong Kong and Singapore have more westernized blending local and western cultures. Morris (1996) indicates that the population in Singapore is multiethnic in origin while the populations in the other three countries are homogenous. Education is one of the social structures that transmit values and attitudes (Morris, 1996). As a result of historical circumstances and events, each of the Four Little Dragons has developed its own economic and educational systems. These differences have imbued each area with a specific set of values and attitudes impacting how they relate to foreign cultures.

Cross-cultural studies, such as the one previously mentioned, are related to analyzing the effect of different elements, including education, beliefs, art, morals, customs, laws, and economics (Evans, Hau & Sculli, 1989). Tu (2007) also reports that education is a significant factor affecting negotiation styles. During the time that Taiwan was a colony of Japan, Taiwan adopted Japan's educational model (Tsurumi, 1984). Bray and Qin (2001) indicate that Taiwan's subsequent economic prosperity led to the expansion of higher education, thus many scholars sought higher education in either the U.S. or Japan. While Taiwan retains some connections with Japan, its academic world has also been influenced by America (Bray & Qin, 2001). Morris (1996) indicates that three of the four societies (Hong Kong being the exception) emphasized and promoted country cohesion and a sense of cultural identity through education.

Moreover, Tu (2010) concludes that Hong Kong has the highest individualism attitude of the four, and that Taiwan has the highest collectivism attitude contrast. Barry (2001) indicates that in individualist societies, each individual takes care of him/herself in contrast to collectivist societies where groups of people take care of the individual. Those who live in collectivist cultures are typically more concerned with the group and with social welfare while those from individualist cultures tend to be more concerned with their own rights, benefits and outcomes (Hofstede, 1980). The values of collectivism emphasize the importance of the group. By contrast, individualist values place greater importance on individual development and expression, even at the expense of the collective good (Triandis, 1990). Gulbro and Herbig (1999) claim that high levels of collectivism result in more time being spent on indirect activities that are unrelated to communication while high levels of individualism result in more time being spent on direct communication. Drnevich (2003) reports that negotiators, from cultures characterized by a high degree of individualism might, have difficulty in achieving synergistic or integrative outcomes during a negotiation.

Negotiators also need training in different skills, such as body language, strategies, temper control, international manners, and customs. A better knowledge of negotiation strategies would be helpful in understanding business communications and in realizing which negotiation styles are most appropriate for a particular country. The appropriate negotiation skills can result in more competitive advantages and benefits. Negotiators should create a data base that focuses on the specific details and requirements of various cultures rather than on general principles, providing valuable negotiation knowledge that can be applied in different countries.

Cultural differences play an important role when companies conduct business abroad. An understanding of the differences and similarities between the cultures involved facilitates communication and increases the chance of successful negotiations. The findings of this study not only expand the theory of culture in relation to styles of negotiation, but they are also valuable for those people who want to conduct business with one or more of the Four Little Dragons. The researcher hopes this study can improve the understanding of the negotiation styles used

by the Four Little Dragons and help business people develop better strategies to reap increased benefits and to maintain their competitive advantage.

The study focuses on public companies listed on the stock exchange of the Four Little Dragons and the CEOs and sales and purchase managers of those listed companies. The study adopts only a quantitative research method and examines only one factor of individualism. Although the SEM provides a good fit to the hypothesized model, future research could use a different design to examine the causal relationships posited by the theories of negotiation. Additionally, a comparison can be made of the differences and similarities among the styles of negotiation used in a number of different countries, such as BRIC, or within specific regions, such as Germany. Furthermore, future studies can employ a qualitative method and other factors, such as gender or ethics to examine and add value to the current findings.

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