

Full Length Research Paper

Sub-cultural business negotiation: A Taiwanese and Japanese-Chinese case study

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The purpose of this study was to reach the following objectives through a questionnaire survey: 1. understand the patterns of business negotiation in Taiwanese and Chinese-Japanese merchants, 2. understand the sub-cultures in Taiwanese and Chinese-Japanese merchants and their influences on negotiations, and 3. analyze the variables and determine the key factors influencing the different types of conflicts between Taiwanese and Chinese-Japanese merchants and how “constructive confrontations” can be achieved. This study discovered there is not much difference between the negotiation styles in Taiwanese and Chinese-Japanese merchants as both groups believe the best style of negotiation is being rational, practical, collaborative, and willing to compromise, while obedient and controlling styles are less appropriate. Taiwanese negotiators are better than the Chinese-Japanese counterparts in case of a relational conflict, and both perform equally well when dealing with a task-oriented conflict.

Key words: Business negotiation styles, sub-cultural negotiation, sub-cultural conflict, conflict resolution, Taiwanese merchants, Chinese-Japanese.

INTRODUCTION

Taiwan-Japanese economic and trade relations

Industrialization has been the most important strategy of Taiwan government in Taiwan's economic development process for a long time, and Japan is the most important capital, technology, and market supplier for the promotion of industrialization of Taiwan. According to statistics of the Directorate General of Customs (2006), Taiwan's export to Japan, most of which are materials, foods, and machinery, holds the third place in Taiwan's overall export. Taiwan's export to Japan mainly consists of low value-added products such as agricultural products and fishery products. With regard to its export of industrial manufactured goods, their total amount is not much, despite it does keep growing. On the other hand, Taiwan's import from Japan mainly consists of key parts and components for production, mechanical and electrical equipment. It is thus evident that Taiwan and Japan, because of their historical and geopolitical relations, have close business connections; and Japan is the largest deficit country of Taiwan export trade.

During the frequent trade intercourse between Taiwan and Japan, not a few Japanese Chinese merchants, because of their language advantage, serve the function of a business bridge between Japanese firms and their Taiwanese counterparts. However, even though Taiwanese merchants and Japanese Chinese merchants can communicate in Chinese, they do conflict with each other inevitably because of their different purposes and ideas, and not all such conflicts are negative in themselves. If both sides can solve these conflicts according to their causes by means of communication and negotiation, their results may bring about positive effects that would be helpful to the accomplishment of both sides' goals. Furthermore, despite both Taiwanese and Japanese Chinese originate from the same Chinese culture; various sub-cultural groups do come into being out of different growing environments and backgrounds. Whether Taiwanese and Japanese Chinese handle conflicts in business negotiation in different ways as a result of sub-cultural influence has become a subject of this study.

LITERATURE REVIEW

Sub-cultural business negotiation

Chang (2006) points out that the Chinese culture has incorporated various cultures of other nationalities and different regions, and cultures of a same place at different time and various places at a same time coexist simultaneously in the Chinese culture and interact with each other. When Chinese people of the same Chinese cultural background migrate to various places of the world, various sub-cultural groups are formed as the result of the influence of the local culture, which varies depending on local customs, practices, and education. Chang (2006) also points out in his study that even when both sides of a negotiation share the same parent culture and negotiate with each other in the same language, disputes or conflicts may still occur because these sides may have different values and action styles because of their different residence.

Negotiation style theory

Thomas and Kilmann (1976) hold that both sides may have natural responses when confronted with conflicts. They may try to seek solutions which they think are feasible, and these solutions reveal their negotiation styles. Thomas divides these negotiation styles into five categories, i.e. collaborating, compromising, accommodating, competing, and avoiding. Huang (2003) explains the five negotiation styles defined by Thomas as follows:

1. Collaborating: collaborating behaviors refer to collaboration between the two sides as an attempt to integrate both sides' opinions to find a consensus. It is a highly assertive and cooperative orientation aiming to satisfy the requirements of both sides and change the conflict result to a win-win situation.
2. Competing: competing behaviors refer to a highly assertive and uncooperative orientation which aims to dominate the whole situation and pursue one's own concerns without giving any consideration to others. It is a win-or-lose struggle for power which turns the conflict result to a win-or-lose situation.
3. Compromising: compromising is a moderate assertive and cooperative orientation and a sharing behavior between competing and accommodating (concessive). It emphasizes mutual compromising to achieve peaceful coexistence and turns the conflict result to a win-mixed-with-lose situation.
4. Avoiding: avoiding behaviors refer to behaviors featuring an evasive attitude which avoids the core of an issue or a conflict. It is a low assertive and cooperative orientation aiming to satisfy neither one's own requirements nor the requirements of others and it changes the conflict result to a lose-lose situation.

5. Accommodating: accommodating behaviors means concession to the opposite. It is a low assertive and highly cooperative orientation which stresses satisfying others requirements rather than one's own and it will change the conflict result to a You-win-I-lose situation.

Conflicts in negotiation

Jehn (1995) puts forward that disputes and conflicts in business negotiation can be divided into relationship conflicts and task conflicts according to the situations when the conflict happens. His explanation is as follows:

1. Relationship conflicts: relationship conflicts originate from incompatibility of faiths and values among people and subsequent tensions, repulsion, annoyance, and etc. Belonging to personal factors and similar to emotional conflicts, these conflicts come from inharmonious interpersonal feelings including strained relations and frictions such as: cultural difference, negotiation skills, speaking manners, first impression, and other subjective feelings that may lead to frustration, anger, or discomfort during the negotiation process.
2. Task conflicts: Belonging to subjective factors and similar to cognition conflicts, these conflicts mainly come from excessive difference between negotiation contents of the two sides. For example, if both sides insist on contents like price, quality, service, and etc, conflicts may occur. Furthermore, if the business negotiation is carried out by teams, task conflicts will also occur as the result of cognition difference like different opinions and ideas on working task of the team, i.e. the personal identification of team members in terms of identification and roles division of team members.

HYPOTHESES

Based on the aforementioned research motives, past literatures, and construct, ten hypotheses have been formulated for this study as stated below:

- H₁: Taiwanese merchants and Japanese Chinese show significant difference in cooperation negotiation in a task-oriented conflict.
- H₂: Taiwanese merchants and Japanese Chinese show significant difference in compromising negotiation in a task-oriented conflict.
- H₃: Taiwanese merchants and Japanese Chinese show significant difference in accommodation negotiation in a task-oriented conflict.
- H₄: Taiwanese merchants and Japanese Chinese show significant difference in controlling negotiation in a task-oriented conflict.
- H₅: Taiwanese merchants and Japanese Chinese show significant difference in withdrawal negotiation in a task-

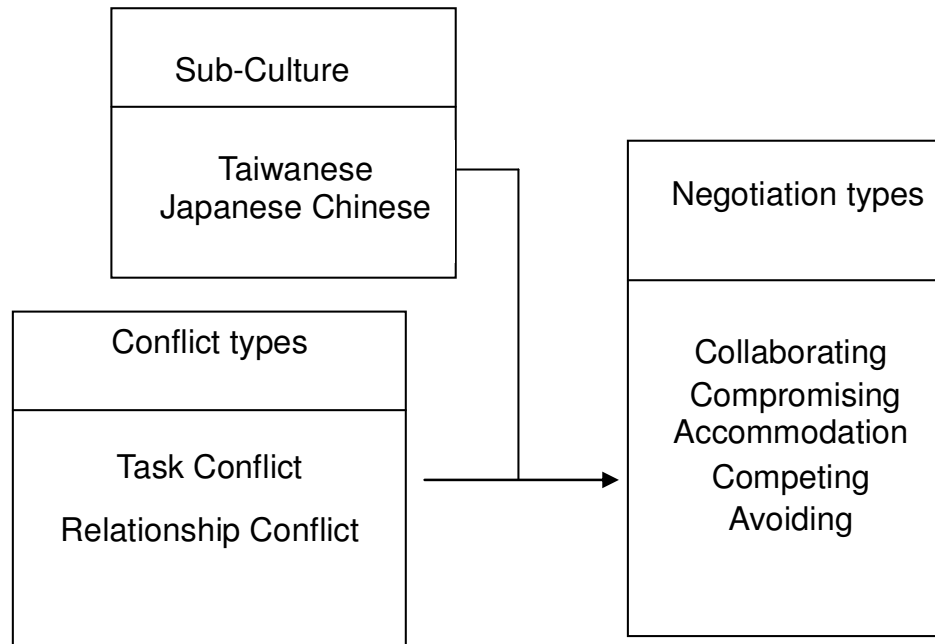


Figure 1. Research Framework.

oriented conflict.

H₆: Taiwanese merchants and Japanese Chinese show significant difference in cooperation negotiation in a relationship conflict.

H₇: Taiwanese merchants and Japanese Chinese show significant difference in compromising negotiation in a relationship conflict.

H₈: Taiwanese merchants and Japanese Chinese show significant difference in accommodation negotiation in a relationship conflict.

H₉: Taiwanese merchants and Japanese Chinese show significant difference in controlling negotiation in a relationship conflict.

H₁₀: Taiwanese merchants and Japanese Chinese show significant difference in withdrawal negotiation in a relationship conflict.

RESEARCH METHODOLOGY

The study is so designed that a questionnaire on negotiation styles developed by Tseng (1997) is adopted as the measurement tool. Each of the five negotiation styles based on Thomas and Kilmann (1976) theory, i.e. collaborating, compromising, accommodating, competing, and avoiding, is provided with seven options. As a result, the questionnaire has 35 questions as its evaluation criteria, aiming to determine the subject's negotiation style. With regard to conflict types, they are determined with a conflict scale developed by Lin (2005) integrating the team conflicts scales of Jehn (1995) and Pelled et al. (1999) with both confidence and validity having been tested. The conflicts scale takes task conflicts and relationship conflicts as two types of conflicts that may occur in workplace, aiming to determine the conflict types which the subject may be subject to. The study analyzes and compares the negotiation types inclination of the subjects according to their attitude types in dealing

the task conflicts/relationship conflicts, i.e. collaborating, compromising, accommodating, competing, and avoiding (Figure 1).

Sampling

A total of 350 questionnaires have been dispensed. All sampled subjects participate in the questionnaire survey voluntarily, and all interviewees are adults with workplace experience. Data of Japanese Chinese are acquired in the following way: the questionnaires were handed out to Japanese Chinese and their descendants by tour guides in travel agencies run by our friends, or brought to Japan by these tour guides when they were leading tourist parties to Japan and filled out by shops run by local Chinese during the period from January to April 2009. The two questionnaires have been translated into Japanese for fear that the Japanese Chinese may be misled in terms of contents and ideas of the questionnaires by their possible unfamiliarity with Chinese. Due to the difficulties in the sampling process, a total of 150 questionnaires have been handed out, of which 140 valid questionnaires are recovered. With regard to data of Taiwanese merchants, they are acquired from 152 valid questionnaires recovered from a total of 200 questionnaires handed out to International Lion Club of Chung Hsing Branch in Taipei City of Taiwan and The Federation of the International Management Council of Taiwan.

DATA ANALYSES AND RESULTS

Analysis of sample structure

The sample structure is almost halved in terms of the number of samples categorized with variables such as sub-culture and conflict types. If judged by sub-culture types, a slight majority of the subjects (152) are Taiwanese, accounting for 52.1%; if judged by conflict types

Table 1. Cronbach's alpha value of each negotiation type.

Negotiation type	Cronbach's alpha
Accommodation negotiation	0.663
Collaborating negotiation	0.755
Avoidance negotiation	0.621
Compromising negotiation	0.757
Competing negotiation	0.563

Table 2. Cronbach's alpha value of each conflict type

Conflict type	Cronbach's alpha
Relationship conflict	0.842
Task Conflict	0.831

types, the majority of the conflicts (167) are task conflicts, taking up 57.2%. Of the respondents, 154 were males (52.7%). In terms of age, most of them were under 30 (85; 29.1%). The total numbers of people fitting these three age groups (under 40) were 196 (67.1%).

Analysis of validity

Reliabilities for our measures are presented in Tables 1 and 2 with one exception, Cronbach's alpha for all of our measures were better than 0.7, indicating an acceptable good reliability. While avoidance and accommodation negotiation had a Cronbach's alpha of 0.621 and 0.663, we believe that the measure is reliable enough to use in the current study. However, competing negotiation had a Cronbach's alpha below 0.6; it was a not good reliability. After we examined every questionnaire items of competing, we found if we deleted #23, the reliability of competing will be 0.614. For future study, we suggested to delete or change #23 in order to increase reliability.

Hypothesis testing

In order to understand whether small-medium entrepreneurs (SME) have significant differences between Taiwanese and Japanese Chinese in terms of negotiation types, a t-test was conducted using sub-culture as the independent variable. The results are shown in Table 3. Analysis of the collaborating negotiation type reveals a significant difference ($T=6.311$, $P<0.01$) between the sub-culture types, suggesting that Taiwanese people attach much importance to inter-personal relationship. They get along well with colleagues and tend to be collaborating in negotiations. While Japanese Chinese, maybe because they live in a Chinese circle, are less familiar with their colleagues and present a lower inclination to be collaborating in negotiations.

In terms of the compromising negotiation type, there is a significant sub-cultural difference ($T=5.779$, $P<0.01$), suggesting that for reasons similar to those in the cases of the collaborating negotiation type, Taiwanese people attach much importance to inter-personal relationship and tend to be more collaborating and apt to be compromising; and likewise because Japanese Chinese live in a Chinese circle, their inclination to make compromises is as low as their inclination to be collaborating. When it comes to the accommodating negotiation type, there is also a significant difference ($T=7.395$, $P<0.01$), suggesting that Japanese Chinese, maybe because they are in senior classes, present a much lower accommodating willingness in negotiation than their Taiwanese counterparts.

In respect of the competing negotiation type, a significant sub-cultural difference ($T=6.254$, $P<0.01$) reveals that Taiwanese people present a high inclination to be competing in negotiation. It is suggested that this is because Taiwanese business people could have demanding personality; whereas Japanese Chinese are more genial and show less strong competing inclination. Analysis of the avoiding negotiation type reveals a significant sub-cultural difference ($T=4.784$, $P<0.01$), suggesting results similar to those in the compromising or accommodating negotiation types. It is obvious that Taiwanese people not only tend to make compromises or accommodations to the requirements of the other side but incline to avoid the state of negotiating as well at many times, maybe for the same reasons as in the cases of the compromising and accommodating negotiations, suggesting that Taiwanese people tend to solve problems with consultation rather than negotiation.

In general, subcultures have similar influence on various types of negotiation ability. Taiwanese people are more competent in terms of colleague relationship, inter-personal factors, and negotiation ability; while Japanese Chinese display a lower performance in terms of negotiation ability because they live in a foreign land and have limited interpersonal resources.

Conclusion

To sum up, subcultures interact with various types of negotiation ability in different conflict types in most cases, which means sub-cultural difference is conflict types dependent. In general, Taiwanese people are much competent in handling relationship conflicts such as colleague relationship, inter-personal factors, and negotiation ability; Japanese Chinese people, on the other hand, have much lower negotiation ability because they live in a foreign land and have limited inter-personal resources. However, the two sub-cultures have similar negotiation ability when confronted with task conflicts which are work-oriented and involving no human relationship, if we are to confine ourselves merely to facts as they are.

Both Taiwanese people and Japanese-Chinese will be

Table 3. Analysis of sub-cultural difference in terms of negotiation types.

Negotiation type	Taiwanese (n=152)		Japanese Chinese (n=140)		t	p
	M	SD	M	SD		
Collaborating	3.5197	0.55646	3.0847	0.62138	6.311**	0.000
Compromising	3.3919	0.51218	3.0224	0.58017	5.779**	0.000
Accommodation	3.0602	0.43015	2.6612	0.49140	7.395**	0.000
Competing	2.8656	0.44792	2.5296	0.47007	6.254**	0.000
Avoidance	3.1015	0.51616	2.7939	0.58244	4.784**	0.000

* p<0.05, **p<0.01.

influenced by subculture and conflict types in terms of their inclination in the five negotiation types, and most of the influence is exerted in the forms of interactions. Both the interactions and pure main effects exist in the four negotiation types, suggesting that the influence of various control variables is rather indirect and free from the interference of other factors.

Of these variables, sub-culture has direct or indirect influence on all negotiation types and is therefore considered to be the most influential factor. It is thus evident that there is very significant sub-cultural difference between Taiwanese people and Japanese Chinese. Secondly, different types of conflicts may have influence on the collaborating, compromising, accommodating, and competing negotiations, only that most of conflict types are bound to be affected by the interference of various subcultures.

IMPLICATIONS

In general, most sub-cultures display their presence in people in the forms of thoughts, attitudes, habits, beliefs, and life styles, which can be regarded as values of and faiths in mainstream culture. When people get cultural nourishment during their growing up process, they generate many new thoughts and creations on culture; and by engaging themselves in the process, people acquire their identification to the culture. Different identification of various cultures usually leads to conflicts in the society.

Empirical results suggest there are differences between the negotiation strategies of Taiwanese people and Japanese Chinese, which have different sub-cultural backgrounds. These two sub-cultural groups display different application levels in the use of each negotiation strategy. Such differences persist even if the conflicts are categorized, only that these differences may vary in terms of their degree. The difference between the two sub-cultures is significant in relationship conflicts, while the

gap between the two sub-cultures shrinks in task conflicts. Therefore, so long as the negotiator distinguishes the conflict types(relationship type or task type), he will be able to understand his opponent's logic and ways of thinking in a negotiation involving sub-cultures, cultural habits, and customs. The Chinese people in these two places hold rational, practical attitudes towards negotiation. They prefer collaboration and compromise over any one-sided accommodation and competition. Therefore, if they look at the bright side of conflicts and put aside their differences while seeking a common ground, the conflicts can be solved satisfactorily; and indeed this attitude is very helpful to the settlement of disputes and conflicts.

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