A STUDY OF NEGOTIATIONS WITHIN THE ETHNIC CHINESE COMMUNITY BETWEEN TAIWAN AND HONG KONG

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Abstract
Negotiation is a fundamental process of business activity. As the world becomes more globalized and international business negotiation becomes more frequent, the importance of culture in negotiation becomes more and more salient. The majority of previous negotiation research has been conducted in either a western or an east vs. west environment, leading us to wonder if the findings of these studies are applicable in other cross-cultural contexts. This study uses the dual concern model presented by Blake and Mouton (1985) to understand what drives negotiation strategy selection in two similar cultures (Taiwan and Hong Kong). The result of statistical analysis confirm significant differences in negotiation strategies between the countries: subjects in Hong Kong are more inclined to employ integration negotiation strategies while Taiwanese subjects employ more competitive strategies.

Keywords: Conflict Management, Negotiation, Hong Kong, Taiwan, Dual Concern Model

1. INTRODUCTION

International negotiation often refers to discussions conducted by business partners to facilitate merchandise or service transactions, in which the participants agree upon transaction conditions (Li, 2006). Several scholars (e.g., Jiang and Zhang, 2005) have called for a better understanding of the cultural influences that play a role in negotiation strategies for international business partners. While the vast majority of previous cross cultural research on negotiation has looked at stark contrasts between eastern and western business partners (e.g. the U.S. vs. Japan), it is worth noting that a substantial amount of international negotiation occurs between geographically close companies. This is where cultural differences are more subtle, yet still play an important role in the selection of negotiation strategies.

To assume that an individual from one Asian country will negotiate in the exact same manner as those from other Asian countries exhibits not only hubris, but a cultural ignorance that has shown in the past to be disastrous. There are many subtleties to negotiation; and something as simple as wrong word choice may cause a negotiation to derail (Schroth, Bain-Chekal and Caldwell, 2005). In an effort to explore these cultural differences among geographically related counties, the current study's research objective is as follows: to

facilitate understanding of the role that cultural differences play in negotiation strategy selection among Hong Kong and Taiwanese business partners.

2. INTERNATIONAL NEGOTIATION

Hurn (2007) developed a working definition of international negotiation as "getting people of different nationalities to seek agreement by considered dialogue on an agreed agenda" (p. 354). Although negotiation is normally difficult enough, adding an international component not only add additional aspects such as differing legal systems, tax regimes, and labor laws but also dissimilar contextual as well as communicative aspects. Many of these issues (e.g., labor laws, legal systems, etc.) can be successfully examined easily enough; as they are relatively objective in nature.

Culture, on the other hand, is much more subtle and often informal. What is appropriate in one situation may be highly unsuitable in a different setting. Additionally, much of culture is something that is learned in a more informal context (Hall, 1990; Furner, Mason, Mehta, Munyon and Zinko, 2009), and as such is not something that can be formally researched from afar (e.g., an individual may not be able to "look up" how to behave in a specific social setting). In the case of negotiating across cultures subtle mistakes in behaviors may effectively destroy the negotiation; furthermore, when cultures are similar (e.g., Hong Kong and Taiwan; the U.S. and England, etc), individuals may be less likely to research proper behaviors, because so much of the society is already familiar to them. It is in these subtle differences that disastrous errors in behavior may occur.

In situations where the parties participating in the business negotiation are from different countries, and the tangible or intangible properties involved shall be transferred from one country to another, the process is referred to as international business negotiation (Ren, 1993). Jiang and Zhang (2005) point out that the parties engaging in an international business negotiation need to master two principles, "expand the mutual overall benefits" and "understand each other differences to minimize the negative influence." (Jiang and Zhang, 2005). This call for minimization of cross cultural conflict during business negotiation informs our research objective: to facilitate understanding of the role that cultural differences play in negotiation strategy selection among Hong Kong and Taiwanese business partners.

Asia. Since the reform policies implemented by the Chinese government at the end of the 1970s, economic and commercial trade and the investment in Mainland China by Taiwanese companies are carried out through Hong Kong as a medium. With its exceptionally advantageous geographic position and secure economic infrastructure, HK successfully plays the role of intermediary in cross-Strait (across the Taiwan Strait) economic and commercial activities. As such, Hong Kong business people engage in substantial negotiation activities with Taiwanese and Mainland Chinese business people.

According to statistics by the Bureau of Foreign Trade, the amount of trade between Taiwan and Hong Kong in 2009 was 35.56 billion USD, a growth of 12.3% over that of 2008 (BTF, Bureau of Foreign Trade, 2010). Analysis by Money Weekly (Lin, 2006) indicates that as of May, 2006, there were 46 well-known Taiwanese companies such as Foxconn, Master Kong, and Groupjay-Digitech that were publicly traded in Hong Kong, indicating that Hong Kong has become an ideal location for Taiwanese enterprises to raise capital.

Hong Kong's practical and democratic spirit have made the region an ideal intermediary for trade with Mainland China. Examining regulations and economic considerations, HK has become the best location for Taiwanese enterprises to list their stock, followed by Singapore, Taiwan, and Mainland China (Zhang, 2006). Even though the people of Taiwan and Hong Kong originated from the same ethnic group, divergent historical development has led to differences in viewpoints in terms of social, education, economic, cultural, and political issues.

The current study seeks to derive an understanding of those differences, and provide insight into negotiation patterns between Taiwanese and Hong Kong business partners. Armed with this understanding, partners on both sides will be better prepared to engage in negotiation strategies that yield mutually rewarding results. The following section outlines our theoretical framework. We will discuss culture, characteristics of Taiwanese and Hong Kong business people, negotiation, and the dual concern model.

Culture. We use Hofstede's five dimension culture framework to compare the business practices of Taiwanese and Hong Kong business people, and ultimately to build a model of negotiation patterns. Hofstede's dimensions include power distance, uncertainty avoidance, individualism, masculinity and long-term orientation, each of which is discussed below.

Power distance refers to the acceptance of unequal power distribution in an organization within a society. High power distance cultures tend to have larger power gaps between adjacent levels in the organization. According to Hofstede's study, the degree of power distance in Hong Kong is higher than in Taiwan (see Table 1).

Uncertainty Avoidance: refers the extent to which individuals within a country are comfortable acting the absence of complete information. Individuals in high uncertainty avoidance cultures are less comfortable acting without complete information than individuals in low uncertainty avoidance cultures. According to Hofstede's study, the degree of uncertainty avoidance in Hong Kong is lower than in Taiwan.

Individualism/Collectivism: refers to the extent to which individual outcomes trump group outcomes. Social structures tend to be stronger in collectivist cultures, while self reliance is stressed in individualistic cultures. According to Hofstede's study, the degree of individualism in Hong Kong is higher than in Taiwan.

Masculinity/Femininity: achievement and independence are particularly emphasized in masculine cultures, resulting in increased importance of money acquisition and occupational success. Mutual dependence, nurturing and empathy are often emphasized in feminine cultures. According to Hofstede's study, the degree of masculinity in Hong Kong is higher than in Taiwan. This refers to the extent to which future outcomes trump immediate outcomes.

Long-term Orientation: Cultures with a long term orientation are more likely to forgo immediate outcomes if they believe that the long term benefit is more valuable, while individuals with a short term orientation will forgo a long term benefit for immediate gratification. According to Hofstede's study, the degree of long-term orientation in Hong Kong is higher than in Taiwan.

TABLE 1 : HOFSTEDE'S (1980) NATIONAL CULTURE SCORES

Country	Power Distance	Uncertainty Avoidance	Individualism	Masculinity	Long-Term Orientation
Hong Kong	68	29	25	57	96
Taiwan	58	69	17	45	87
USA	40	46	91	62	29

As discussed above, international research has focused on dyads involving substantial geographic and cultural differences, such as the between the US and Japan. However, the majority of international business takes place between geographically close partners, where cultural differences are often more subtle, but still play an important role. For example, Hong Kong and Taiwan engage in substantial international trade, raising the question: to what extent do subtle cultural differences between Hong Kong and Taiwan influence negotiation styles?   In the following subsections, we outline some of the cultural differences between Taiwanese and Hong Kongers.

Taiwanese. Li (2004) points out, that to govern Taiwan is not difficult at all, if the character of Taiwanese can be thoroughly understood. According to Jian (2000), Taiwanese tend to be impetuous, rash, headstrong, aggressive, make light of life, and frequently provoke group fights. Yin (1993) believed the unique qualities of Taiwanese people developed from their sea locked geography and recent immigration environment. Yin describes the Taiwanese as innovative, dynamic, curious, courageous, and of venturous spirit; though sometime expedient, rash, impetuous, Taiwan's economy is structured on small and medium-sized enterprises, making them flexible and adaptable.

Hong Kong People. Guangdong immigrants made up the majority of Hong Kong residents in the early days. The 1960s saw a surge of immigrants from all over Mainland China. Due to the long term governance of the UK, Hong Kong residents are deeply influenced by the western thinking style. Western qualities can be

evidently observed in HK businesspeople, for example, Hong Kong businesspeople tend to be utilitarian and liberal relative to other Asian cultures (Ma, 2001). Hongkongers are famous for their efficiency and speed. Hong Kong people generally work very hard; they strive to earn money to enjoy a pleasurable life (this is reflected by their high masculinity index score). Similar to Shanghai people, Hongkongers lay substantial importance on money, but Hongkongers don't tend to feel self conscious about their financial ambition, they think treating money as the top priority is justifiable (Wu, 2003). In addition, Hongkongers tend to follow the rule of law. Tartar (1969) would call Hongkongers universalists, because they tend to apply structures and rules to all individuals equally in all contexts.

According to Wu (2003), if a Hongkonger has the law on his/her side, they will almost never make a concession in a negotiation situation. Hong Kong people are diligent, full of the fighting spirit, and successfully survived through numerous rough trials. It was these characteristics that allowed the island to develop from a small fishing village to an international metropolis as today (Shang-Guan, 2007). In the following section, we review the topic of negotiation.

Dual Concern Model. The literature on business negotiation states multiple typologies of negotiation strategies. The most widely used categories, however, are based on the Dual Concern model (Pruitt, 1982; Pruitt and Carnevale, 1993).This model assumes that when individuals encounter conflict situations, they will choose different ways to handling conflict based on their culture background and personalities. Furthermore, the ways of handling the conflict will directly reflect their negotiation styles.

The dual concern model was developed by Blake and Mouton (1985). It is based on the managerial grid, which emphasizes two aspects of leadership: concern for task and concern for interpersonal relationships (or task orientation and employee orientation). The dual concern model matrix consists of five leadership styles, namely, laissez-faire management, the country club management style, the task management style, the team management style, and middle-of-road management (Blake and Mouton, 1985). In the conflict resolution project, two dimensions are identified: degree of concern for oneself (interests owned by oneself), and degree of concern for the relations with others (interests of others), which roughly map to Hofstede's individualism and collectivism concepts. Blake and Mouton categorize conflict resolution strategies into five types: withdrawing, accommodating, collaborating, consulting, and competing.

Withdrawal is unassertive and uncooperative—the person neither pursues his own concerns nor those of the other individual. Thus he does not deal with the conflict. He will feel comfortable only in a non-threatening situation. Withdrawing might take the form of diplomatically sidestepping an issue, postponing an issue until a better time or simply withdrawing from a threatening situation. Accommodation is unassertive and cooperative—the complete opposite of competing. When accommodating, the individual neglects his own concerns to satisfy the concerns of the other person; there is an element of self-sacrifice in this mode.

Accommodating might take the form of selfless generosity or charity, obeying another person's order when you would prefer not to, or yielding to another's point of view. Collaboration is both assertive and cooperative—the complete opposite of avoiding. Collaborating involves an attempt to work with others to find some solution that fully satisfies their concerns. It means digging into an issue to pinpoint the underlying needs and wants of the two individuals. Collaborating between two persons might take the form of exploring a disagreement to learn from each other's insights or trying to find a creative solution to an interpersonal problem. They both hope to reach a mutual understanding. Consultation is focus on low assertive confidence and high cooperative. The target of consultation is yielding. In this study, consultation is defined as the process of searching for advice, suggestions or solutions from others (impartial or partial, resolution oriented or relationship oriented, formal or informal). It does not imply the presence of the third-party at the conflict discussion. The presence of an invited third-party to help one defends his or her point of view at the negotiation table is defined in this study as third-party advocacy (Pearson, 1995). Competition is assertive and uncooperative—an individual pursues his own concerns at the other person's expense. The individual only focuses on his own interests, and does not care about others' expectation. This is a power-oriented mode in which you use whatever power seems appropriate to win your own position—your ability to argue, your rank, or economic sanctions. Competing means "standing up for your rights," defending a position which you believe is correct, or simply trying to win.

2.1. Style Of Negotiation

How individuals negotiate vary from culture to culture. Some (e.g., Americans and Germans) may focus on more direct forms of communication where an individual can expect to receive a clear and definite response to proposals and questions. Other cultures communicate just as clearly, but in more subtle forms (e.g., Japan and China). These more "indirect" styles of communication are often the result of a high context culture (Hall, 1990)

The styles of negotiation involving third parties that are examined in this study are considered "indirect" styles of negotiation (see Pearson, 1995). Indirect styles are consistent with other indirect forms of communication. Examples would be such styles as consultation and third party advocacy. Such attempts at persuasion are used because collectivist cultures have a high concern for the group's needs and are closely attached to their in-groups (Trubisky et al., 1991). Therefore, consulting with others and inviting third parties to intervene in their conflict settlements is expected to be part of their usual negotiation behavior.

3. RESEARCH METHOD

To explore the international negotiation between Taiwan and Hong Kong, this study employs Blake and Mouton's (1964) conflict management model & dual concern model as a foundation, as well as the concept of

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negotiation type presented by Glaser and Glaser (1991), and Pearson's (1995) negotiation style profile revised edition. We divide negotiation strategies into 5 categories: accommodation, collaboration, withdrawal, competition, and consultation. Hofstede's (1980) culture index scores are used to develop the hypotheses. The research framework is illustrated in Figure 1:
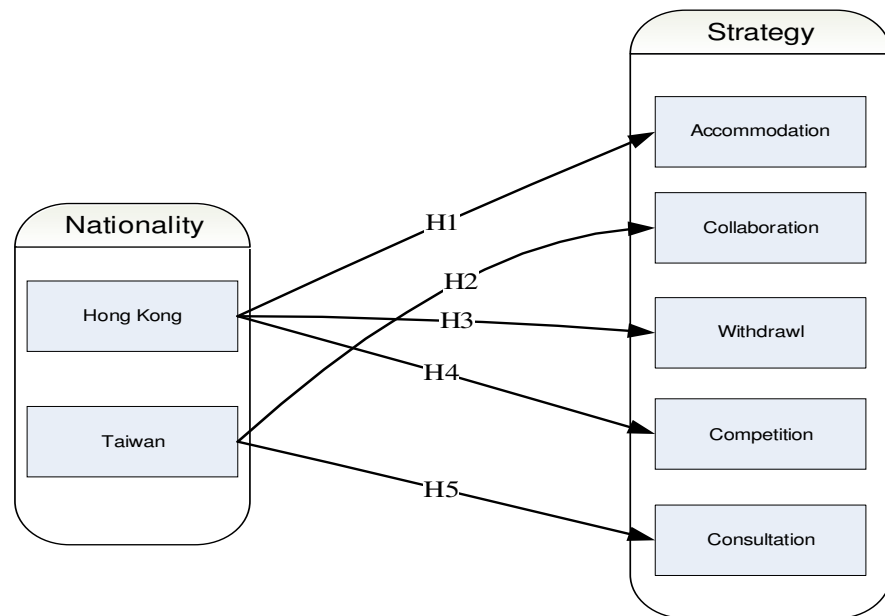

FIGURE 1 RESEARCH MODEL

According to Hofstede (1980), individuals from long term orientation countries are more comfortable abdicating short term benefits for potential long term benefits. It stands to reason that when such people are faced with a negotiation conflict, they will be more comfortable abdicating certain terms with the hope that doing so will allow them to establish a relationship from which they can profit in the future. As such, individuals from long term orientation countries will tend to use the accommodation strategy when faced with negotiation conflict to avoid burning the bridge. While both Hong Kong and Taiwan are long term orientation countries, Hong Kong's long term orientation is far stronger (Hofstede, 1980). In addition, individuals from high uncertainty avoidance cultures are not comfortable making decisions in the absence of complete information. They also tend to plan more, and when they organize into groups, expectations of individuals are enforced by group structures, because failures by individuals to meet their objectives can lead to a broken plan, which creates a substantial amount of uncertainty. In a negotiation situation, the high uncertainty avoidance negotiator will typically walk to the table with range of acceptable conditions. If s/he is not able to stay in that range, it could create uncertainty costs throughout the organization, so the high uncertainty avoidance negotiator is less likely to give into the demands of the other party. That is, s/he is less likely to engage in the accommodation strategy. Taiwanese tend to be much higher in terms of uncertainty avoidance

than Hong Kongers.   Since Hong Kongers have longer term orientation and are more comfortable with uncertainty, we predict that:

> *Hypothesis 1：Subjects from Hong Kong will be more likely to select the accommodation strategy than subjects from Taiwan.*

According to Pearson (1995) when an individual is concerned about the interests of both oneself and others, the collaboration strategy is more likely to be applied for resolving problems of conflict.   Furthermore, Triandis (1995) states that people from individualistic societies are more likely to put their own interests ahead of the interests of others. Since individualists tend to have weaker concerns about the interests of others, it stands to reason that they will less likely to choose the collaboration strategy. According to Triandis (1995) individuals from individualistic societies are more likely to put their own interests ahead of the interests of others.

Both Hong Kongers and Taiwanese are low in terms of individualism, indicating that both are concerned about the interests of others, however Hong Kongers tend to be stronger in terms of individualism, indicating that Hong Kongers are concerned both about the interests of others and their individual interests. As noted above, Pearson (1995) indicates that such people are more likely to choose a collaboration strategy. Since Hong Kongers tend to me more individualistic than Taiwanese, we predict that:

> *Hypothesis 2：Subjects from Taiwan will be more likely to select the collaboration strategy than subjects from Hong Kong.*

Individuals from cultures that are lower in terms of uncertainty avoidance are more comfortable with risk. When a negotiator is faced with a conflict, they have the option of walking away from the negotiation table and going back into the market to find another business partner. Doing so represents a substantial risk, and for those who are uncomfortable with risk, walking away is likely not to be an option. Hong Kongers are much more comfortable with risk than Taiwanese, and are thus more likely to walk away from the table and go back into the market for a new partner.

In addition, individuals from long term orientation cultures faced with the decision to walk away from the negotiation table and go into the market to find a new partner are more likely to be thinking about the long term health of the company rather than the immediate benefits from the current deal. So, these people will be more comfortable walking away from the table and seeking a new partner, because doing so could lead to better deals in the future. Both Hong Kong and Taiwan are long term orientation countries, however Hong Kong is much more so. Since Hong Kongers are more comfortable with risk, and have a stronger long term orientation, we predict that:

> *Hypothesis 3：Subjects from Hong Kong will be more likely to select the withdraw strategy than subjects from Taiwan.*

Negotiation conflicts tend to be rife with uncertainty. The competition strategy magnifies that uncertainty, which is likely to make negotiators from high uncertainty avoidance countries uncomfortable. These negotiators are more likely to select a less uncertain strategy, such as collaboration or consultation in order to avoid competition. Since Hong Kongers are much more tolerant of uncertainty, they are more likely to select the competition strategy.

In addition, individuals from masculine cultures tend to seek opportunities to showcase their accomplishments. They enjoy competitions, and seek to maximize their performance. When faced with a negotiation conflict, we predict that masculine individuals are very likely to employ the competition strategy. While both Hong Kongers and Taiwanese tend to be moderate in terms of Masculinity, Hong Kongers tend to score higher in terms of masculinity, and thus should seek opportunities to use the competition strategy more often than Taiwanese.

Finally, Pearson (1995) points out that individuals who are more concerned with their own interests than the interests of others are more likely to engage in the competition strategy. Individualists are more concerned with their own interests, and Hong Kongers tend to be higher in terms of individualism, and thus are more likely to choose the competition strategy. Since Hong Kongers are tend to be more tolerate of uncertainty, more masculine and more individualistic, we predict that:

> *Hypothesis 4* : *Subjects from Hong Kong will be more likely to select the competition strategy than subjects from Taiwan.*

The entire negotiation process is rife with uncertainty. When two parties are involved, each party is responsible for looking out for their own interests. Since neither party has access to perfect information, information asymmetries can lead to substantial for either party. While a facilitator represents a third party that opens up two more communication channels, they actually serve to mitigate any information asymmetries, and in a way look out for the interests of both parties. For the risk adverse negotiator, a facilitator reduces uncertainty. Since Taiwanese are more risk adverse than Hong Kongers, we predict that:

> *Hypothesis 5:*   *Subjects from Taiwan will be more likely to select the consultation strategy than subjects from Hong Kong.*

3.1. Methodology

The sample consisted of 500 undergraduate students in Taiwan and Hong Kong. Five hundred questionnaires were distributed, 350 of them returned, making the response rate 70 %. 52 surveys were incomplete, leaving us with a final usable sample of 298, of which148 are from Taiwanese undergraduates, and 150 are from those of Hong Kong. This sample (i.e., college students) is consistent with current international negotiation research (e.g., Chow and Ding, 2002; Ma and Jaeger, 2005; Zhenzhong, 2007).

Furthermore, because culture is normally learned through informal societal means (Furner et al., 2009), decision making based upon cultural should remain consistent reguradles of the setting (i.e., academic vs. business).

Scenario: Subjects were randomly assigned into one of two scenarios, which were taken from Pearson (1995): business conflict or friends conflict, and were asked to answer a series of questions after reading their scenario. Questionnaires were used to understand subjects' negotiation styles in conflict situations.

3.2. Findings

Analysis of Samples. Of the respondents, 154 were females (51.7%), and 144 were males (48.3%). In terms of marital status, the subjects were college students and were mostly single (280 singles, or 94%). In terms of age, most of them were in the group of 20 ~ 22 (154; 51.7%), followed by 23 ~ 25 (66; 22.1%), and 17 ~ 19 (42; 14.2%). The total number of people fitting into these three age groups (17-25) were 262 (87.9%). As for employment, 171 (57.4%) were studying full time, and 127 (42.6%) were studying and working at the same time. As for nationality, students from Taiwan and Hong Kong took up an equal percentage (148; 49.7%), and 2 subjects (< 1%) were from elsewhere.

Analysis of Validity. Reliabilities for our measures are presented in Table 2 With one exception, Cronbach's α for all of our measures were better than 0.7, indicating an acceptable good reliability. Although withdrawal negotiation had a Chronbach's α of 0.6, we believe that the measure is reliable enough to use in the current study.

TABLE 2 CRONBACH'S A FOR EACH MEASURE

Negotiation type	Cronbach's α
Accommodation negotiation	0.770
Collaboration negotiation	0.845
Withdrawal negotiation	0.600
Competition negotiation	0.787
Consultation	0.897

Hypothesis Testing. In order to understand whether there are significant differences between Taiwanese and Hong Kong subjects in terms of negotiation types, a t-test was conducted using the nationality of the subjects as the independent variable. The results are shown in Table 3.

In H1, we had predicted that individuals from Hong Kong would be more likely than individuals from Taiwan to employ an accommodation strategy. Looking at the model with accommodation as the dependant variable, nationality was significant (T=-4.170, P<0.01), indicating Hong Kong subjects were more likely to employ an accommodation strategy than Taiwanese subjects, that is to say, Hong Kong subjects were more likely to comply to their opponents' demands. In H2 we had predicted that subjects from Taiwan would be more likely

to employ a collaboration strategy. This hypothesis was not supported (T=-1.608, P = 0.109). We were not able to detect a significant difference between the countries in terms of preference for the collaboration strategy. In H3, we had predicted that subjects from Hong Kong would be more likely to select the withdraw strategy than subjects from Taiwan. This hypothesis was supported (T=-4.170, P<0.01). In H4, we had predicted that subjects from Hong Kong will be more likely to select the competition strategy than subjects from Taiwan. This hypothesis was not supported. While the nationality of the subject did have a significant influence on the selection of the competition strategy(T=6.113, P<0.01), it was the Taiwanese who were more likely to select competition. In H5, we had predicted that subjects from Hong Kong will be more likely to select the consultation strategy than subjects from Taiwan. This hypothesis was not supported (T=0.261, P>0.05). We were not able to detect significant differences between the two countries in terms of preference for the consultation strategy. An evaluated model is presented in Figure 2.

TABLE 3: ANALYSIS OF CROSS-CULTURAL DIFFERENCE IN TERMS OF NEGOTIATION TYPES

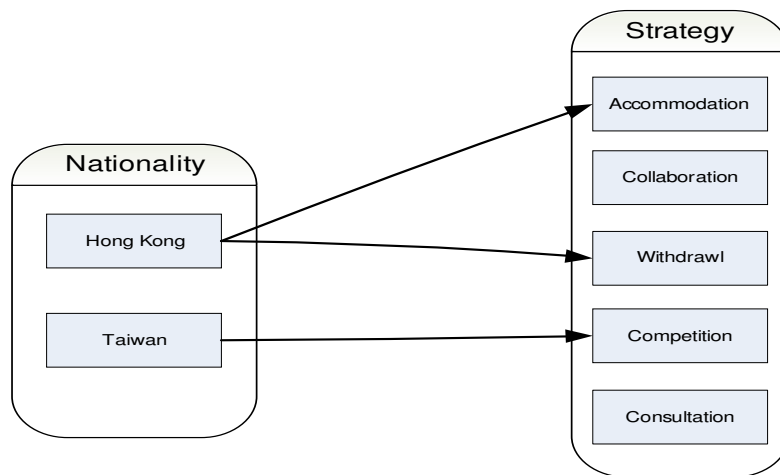|	Taiwan (n=148)		Hong Kong (n=150)			
	M	*SD*	*M*	*SD*	*t*	*p*
Accommodation	4.26	0.90	4.69	0.89	-4.17	0.000
Collaboration	5.32	1.04	5.54	1.30	-1.61	0.109
Withdrawal	4.26	0.90	4.69	0.89	-4.17	0.000
Competition	5.14	0.98	4.39	1.14	6.11	0.000
Consultation	5.68	1.37	5.64	1.36	0.26	0.795

FIGURE 2: EVALUATED MODEL

4. DISCUSSION

In H1, we had predicted that individuals from Hong Kong would be more likely than individuals from Taiwan to employ an accommodation strategy. This hypothesis was supported. In addition to the influence of long term orientation and uncertainty avoidance, the fact that Hong Kong was ruled by the British for nearly a century

probably reduced the Hong Kong people's perceived power in leading negotiations with the dominating British. This may have formed a tendency towards accommodation which remains unchanged even after Hong Kong was returned to China in 1997.

In H2, we had predicted that subjects from Taiwan will be more likely to select the collaboration strategy than subjects from Hong Kong, however we were not able to detect a significant difference between the two countries. We had argued that since Hong Kongers tend to be more collectivist, they are more likely to prefer to work with their counterparts to arrive at a mutually beneficial solution. However, it is possible that Taiwanese collectivism causes them to favor collaboration with members of their in-group, and they may perceive their Hong Kong counterparts as part of a competing out group, with which they may prefer not to collaborate. It is also possible that Taiwanese do not want to give up too much ground during negotiation, because they are high in uncertainty avoidance and value outcomes that are known, and are thus less likely to diverge from their plans (that is, because they don't want to diverge from their plans, they won't be as willing to reach a compromise). Finally, Wang (1998) points out that Hong Kong businesspeople tend to be very terse and to the point. Perhaps they are uncomfortable spending the time to negotiate and come to a compromise.

In H3, we had predicted that subjects from Hong Kong will be more likely to select the withdraw strategy than subjects from Taiwan. It does seem that because Hong Kongers tend to be more accepting of risk, they were not afraid to go back to the market to find new business partners, and because they had stronger long term orientation, they saw more value in giving up the current deal and finding a new partner with whom they can work with in the future.   Wang (1998) points out that Hong Kong businesspeople tend to be very terse and to the point. Perhaps when Hong Kong people realize that they are facing a conflict, they prefer to go out and find another partner rather than continue to try to make the existing deal work. Also, since Hong Kongers tend to be higher in terms of masculinity, it is possible that they perceive negotiation deadlock as a failure which they want to quickly remedy by moving on to the next partner, and hopefully getting a successful deal accomplished and feeding their ego.

In H4, we had predicted that subjects from Hong Kong will be more likely to select the competition strategy than subjects from Taiwan, however it was the Taiwanese who were more likely to select a competition strategy. This finding is truly surprising. We had argued that Hong Kongers were more comfortable with risk and thus more comfortable with competition, more masculine and thus sought out competition, and more individualistic and focused on their own self interests. The differences between Hong Kong and Taiwan in terms of individualism and masculinity are fairly small, but the difference in terms of uncertainty avoidance is large. Perhaps we erred in our prediction that risk seekers would seek competition, perhaps instead it is the risk adverse (the Taiwanese) who desire arriving at their anticipated outcome enough that they will engage in

competition to do so, because not arriving at their desired outcome might lead to unacceptable consequences for their organization, which would create even more uncertainty. Further, Taiwanese have a shorter term orientation than Hong Kongers, indicating that perhaps Taiwanese are so focused on the immediate results of the current deal, that they are motivated to engage in competition in order to achieve those immediate results. It is possible that long term orientation impacts the strategy choice more than uncertainty avoidance. In a future study, researchers should collect individual scores on each cultural dimension, to better assess the specific effects of each cultural dimension negotiation strategy choice.

In H5, we had predicted that subjects from Taiwan will be more likely to select the consultation strategy than subjects from Hong Kong, however we were not able to detect a significant difference between the two countries. Infact, individuals from both countries preferred this strategy. We had argued that since Taiwanese subjects would select this strategy more often because they tend to be high in uncertainty avoidance, and believe that a third party will protect their interests. It is possible that Hong Kongers also selected this strategy because they tend to be higher in terms of power distance, that they are more likely to prefer the structure provided by a neutral authority rather than a competing peer.

This study is limited in several ways. First, we used Hofstede's (1980) culture scores to argue our hypotheses. We might be able to garner a better understanding of the role of culture on negotiation strategy selection if we collect individual level espoused national culture scores from our subjects. Since the current study represents a preliminary exploration of the influence of culture on international negotiation, there is room for further research in this area.

This study also employed undergraduate students as subjects, calling into question the generalizability of its findings. While undergraduate students generally do not engage in business negotiation, they are likely to share the same cultural foundation and experience the same influences as their countrymen.

CONCLUSION

To summarize, cross-cultural negotiation literature has largely focused on the US and Japan, comparing western navigation strategies to eastern strategies. Very little research has examined cross national negotiation between two eastern countries, where cultural differences are more subtle yet still very important. This is surprising, considering the substantial volume of international trade between eastern countries. We were able to demonstrate that differences exist between Taiwanese and Hong Kong subjects in terms of their preference for three out of the five negotiation strategies that we identified (accommodation, withdrawal and competition). Our findings inform businesspeople in these countries, as well as researchers interested in international negotiation.

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