

Comment

Beyond 'face' and 'harmony'

ONE STEREOTYPE SAYS CHINESE AVOID CONFLICT, BUT IN NEGOTIATING, THINGS ARE MUCH MORE COMPLICATED

By ROBERT HOFFMANN

China's resurgence on the international stage is making negotiations with the West an increasingly frequent and significant occurrence in both business and political circles. The importance of cultural values in such talks has become conventional wisdom, but in truth little is known about whether and under what circumstances they have a genuine influence.

Certainly the advice dispensed to business practitioners often lacks precision and tends to be based almost entirely on anecdote and casual inference. This should come as little surprise, given that the insights that have become part of negotiation lore are at best derived from conceptual, interview and survey work rather than from the observation of actual behavior.

If full advantage is to be taken of the ever-growing scope for successful and mutually beneficial bargaining between the Far East and the rest of the world — not least, it might be pointed out, in light of the current economic climate — we must move beyond the present rudimentary understanding of this field.

This was the aim of recent pioneering research by a team of experimental economists at the International Center for Behavioral Business Research, based at Nottingham University Business School in the UK. Although the scope for further work remains substantial, our initial study offers a number of findings that could help begin the overdue redefining of long-held conceptions.

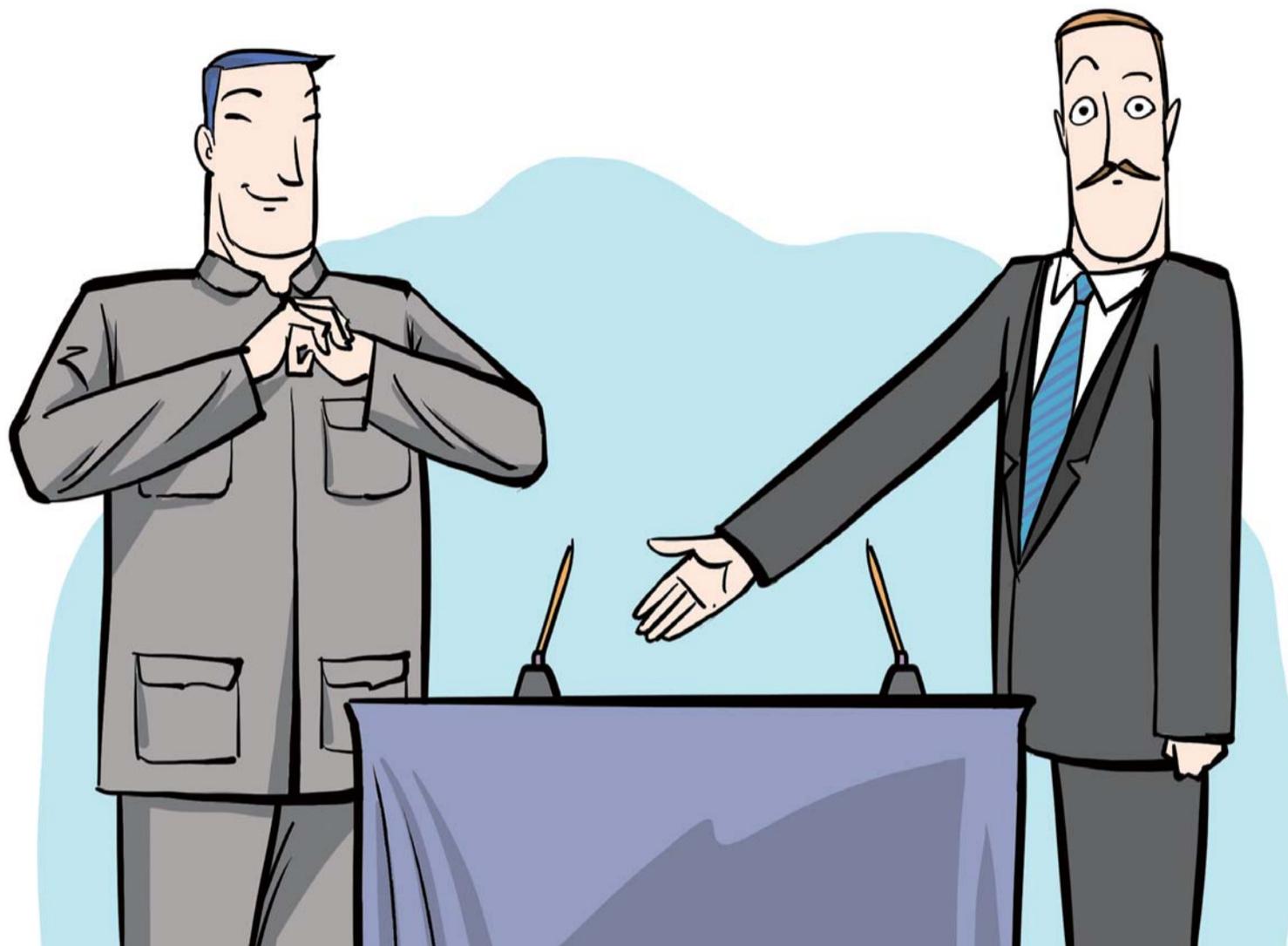
It is first necessary to consider the fundamental components of these conceptions, beginning with the notion of harmony. Following the teachings of Confucius, the avoidance of discord is arguably paramount in Chinese cultural values. Harmony governs relationships not just between individuals of different social rank but among peers, with filial devotion to senior family extended to an overall respect for authority and the social order. The consensus has been that Chinese negotiators, possibly because of their feelings regarding harmony, prefer more availing approaches than their Western counterparts.

A second core value is face, the positive public image and self-image a person cultivates in a social context. This has two constituents: the first, *lian*, relates to good moral standing in the community, while the second, *mianzi*, focuses on prestige and success. Face may be a universal human concern, but it is especially vital in collectivist societies such as China. Its link with negotiating behavior has been the subject of a number of academic hypotheses, including the suggestion, as per above, that it steers Chinese negotiators in the direction of compromise.

The *mianzi* aspect of face is part of a broader competitive value known as *kiasu-ism* — literally, the fear of losing out compared to others. *Kiasu-ism* comprises calculating greed and selfishness — as well as risk aversion — and in a business setting has been blamed for a lack of inter-firm cooperation. Like harmony and face, it has obvious relevance for negotiation behavior.

This, though, is only half the story. "Situational" factors — those systematic influences that are particular to a specific instance of negotiation — must also be considered.

One of these is escalation, which arises when negotiators incrementally and irreversibly increase their demands to get the other party to agree. We posit that prior escalation can promote belligerent behavior come the final stage that determines whether discussions climax



ZHANG CHENGLIANG / CHINA DAILY

in agreement or failure, with self-justification, the shift from self-regard to spite and a gradual desensitization to all possible explanations.

Emotions are another factor. Depending on the degree to which goals are attained, positive and negative emotions can result from the negotiation process. Anger, for instance, stores the potential for a cycle of destructive retaliation, causes more self-centeredness and reduces cooperation in future encounters.

Bearing all of these in mind, our experiments set out to succeed where conceptual and practitioner-based contributions have traditionally fallen short. Yet the intention was not merely to establish whether Chinese negotiation behavior is truly shaped by cultural values: an equally desirable goal was to determine the supplementary roles of additional elements such as escalation and emotions.

The study took place at a private, English-speaking university in China and involved almost 300 Chinese undergraduate students, who were placed in pairs and asked to play either a one-round game of "chicken" or a four-round "escalation" game. Based on the well-known scenario in which two cars speed toward each other until one swerves or both crash, "chicken" games are often used to study strategic behavior. We devised the "escalation" variant to look beyond the final stage of brinkmanship and investigate the effect of changing risk levels and potential outcomes.

Earning small cash amounts that reflected how they fared, subjects had a simple choice — A to back down or B to carry on — with the pay-off gap between winner and loser widening as the "escalation" game continued. Later the players were asked to complete a questionnaire

that sought to measure their cultural values and risk attitudes.

First and foremost, the results produce some important general observations, one of which is strong evidence that the emotional strain of protracted negotiations can lock rivals on a path to mutual destruction — that is, that long-winded, escalating bargaining augments the likelihood of disaster for both sides.

One reason for this could be the phenomenon of "frog-boiling". This idea is based on the premise that a frog placed in cold water that is then gradually heated will fail to recognise the danger and so be slowly boiled alive, whereas it would immediately jump to safety if it were placed in water already hot enough to harm it. From a psychological point of view, "frog-boiling" occurs when decision-makers continuously adjust to a series of small changes that if revealed together at once would provoke a significant reaction.

Thus players who repeatedly chose B in our "escalation" game may have become gradually accustomed to the higher level of risk involved in successive stages. Similarly, those involved in drawn-out negotiations in the real world may fail to recognise how serious a situation is becoming and the potentially dire consequences for all concerned. Not unlike when neither driver swerves in a game of "chicken", the outcome is detrimental to everyone involved.

Beyond these wider conclusions, crucially, our results provide what we believe to be the first empirical demonstration of a connection between Chinese cultural values and negotiating behavior. We found values had a greater effect during the final stages of our games, with face and competitiveness notably to the fore.

By contrast, they seem to play a far smaller role in the pre-resolution stages of bargaining, even when decisions might have potentially irreversible consequences.

Perhaps most interestingly, the Confucian desire for harmony appears to count for less than widely believed, with the wisdom of the Analects overshadowed by the more compelling forces of *lian*, *mianzi* and *kiasu-ism* come the make-or-break moment. In other words, when the chips are down it is the drive to win and the desire to maintain self-image that dominate.

This is not to portray Chinese negotiators as secretly aggressive and unflinchingly resolute in their pursuit of victory. Rather, it is the first step toward an enhanced grasp of the subtleties and the nuances that are truly at play — and thus the first step away from the unshakeable perpetuation of theoretical stereotypes.

That Chinese culture has flourished independently over many millennia and is distinguished by a variety of specific values — harmony, face and competitiveness among them — is in effect beyond dispute. But the role — if any — that such values really play across the negotiating table is very much open to debate and worthy of investigation. Conceptual work might deliver valuable insight, but much more needs to be done to verify it through observing and measuring the actual negotiation behavior and its roots. We have only scratched the surface.

The author is an associate professor of economics at Nottingham University Business School, where he is director of the International Center for Behavioral Business Research. The views expressed in the article do not necessarily reflect those of China Daily.