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NEGOTIATIONS

Cultural Stereotypes May Make You a Less Ethical Negotiator

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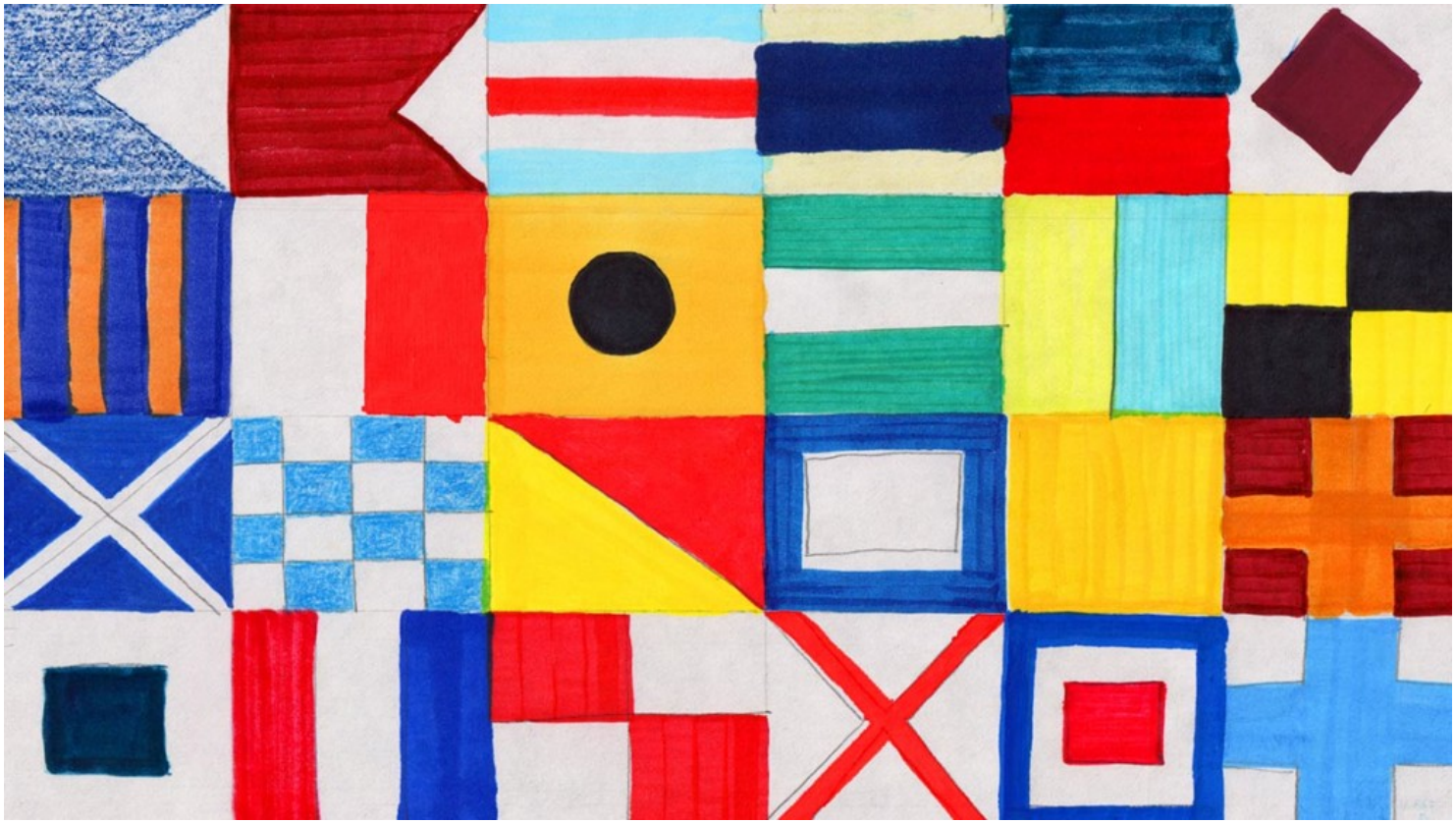

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Are people more ethical or less ethical when they negotiate with a foreigner instead of a fellow countryman? In a recent study of 810 adults in the U.S. and China, conducted with coauthor Chao Wang, we looked at how likely people were to use unethical or ethically questionable tactics, like telling lies or offering bribes, depending on who they were

negotiating with. We focused on these two countries because they are currently the two largest economies in the world – negotiations between them are worth billions of dollars almost every month.

Our study was a survey-based experiment administered online. The American participants were recruited through Amazon Mechanical Turk. The Chinese participants were recruited through a market research firm in Shanghai that matched the age distribution and gender composition of the Chinese sample with those of the American sample. We required participants in our survey study to report the likelihood that they'd use tactics like these in a business negotiation when their counterpart was "Justin Adams," representing a company based in Illinois, or "Jia Liu," representing a company based in Hunan. Responses were indicated on a scale from one to seven, with one being the most ethical and seven being the most unethical.

We found that American participants were more likely to use ethically questionable tactics, particularly those related to false promises and inappropriate information gathering, if they thought they would negotiate with a counterpart from China. By contrast, Chinese participants were less likely to use such tactics if they thought they would negotiate with a counterpart from the U.S. Both the Americans and the Chinese were more likely to use unethical negotiation tactics if their counterpart was from China and less likely to do so if their counterpart was American. When the negotiation counterpart changed from American to Chinese, American participants' scores increased from an average of 2.75 to 3.00 and Chinese participants' scores increased from an average of 3.92 to 4.06.

Our findings, published in the *Journal of Business Ethics*, indicate that people's likelihood of using unethical negotiation tactics does change according to the nationality of their counterpart. Put simply, our study indicates that in international business negotiations (at least, between Americans and Chinese) negotiators move toward each other, ethically speaking. The Chinese negotiators displayed behavior in line with the expectation that U.S. negotiators hold higher ethical standards, while the U.S. negotiators displayed behavior in line with the expectation that the Chinese negotiators hold less ethical standards. But why would this be case?

A very likely reason is that people rely on national stereotypes when they decide on their possible negotiation tactics. Negotiating with someone from a different country is almost always more ambiguous than negotiating with someone from one's own country. Hence, people may be motivated to reduce this uncertainty by considering the image of the other country as an important source of information.

In our study, participants may have held the belief that American people have higher ethical standards than Chinese people in business settings. Such stereotypic beliefs easily emerge in business settings and could be justified partly by rankings such as the international corruption perception index. This index indicates that China is currently ranked 100th out of 175 countries, scoring only 36 on the scale from 0 (highly corrupt) to 100 (very clean), whereas the U.S. ranks 17th, scoring 74. Furthermore, our findings indicated that American participants overall reported a significantly lower likelihood of using unethical tactics than Chinese participants did, which is in line with the corresponding images of both countries. Important to note, however, is that it's not the *accuracy* of these beliefs that affects the negotiation – it's how quickly and easily these perceptions, true or not, come to mind. Our impression of the other side, regardless of whether it is accurate, is what shapes our negotiation strategies.

There are both upsides and downsides to these results. First, we will have to recognize that although commonly agreed-upon ethical practices are important, they are not used across situations without hesitation; rather, they are socially shaped. Their use changes from one situation to another and depends on the country our counterparts come from. Using ethical practices in various ways can bring serious legal consequences and long-term damages, as reflected in the not-so-distant scandals of GlaxoSmithKline and other multinational pharmaceutical companies operating in China.

Second, if people from your own country have the reputation of acting more ethically, negotiators from other countries may adhere more strongly to ethical principles when they interact with you. Even so, you – being a member of the stereotypically more ethical group – will have to be extremely mindful that you do not lower your own ethical standards while negotiating with your counterpart. Do not forget that a good reputation can turn bad very quickly.

Finally, if people from your own country currently have a reputation of acting less ethically, negotiators from other countries may relax their ethical practices when they interact with you. Unfortunately, this is a situation you will have to deal with despite the fact that your own behavior is not in line with your country's image. One possible strategy may be to disassociate yourself from your country's stereotype by projecting a strong moral code. Another strategy, which will take much more time and effort, is to actively work to improve the ethical practices of your compatriots. Others will eventually recognize that their perceptions are outdated. After all, while it does take time, a bad reputation can turn good, too.

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