

Ethics of a person's negotiating tactics may differ according to the nationality of the other party

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Do the ethics of a person's negotiating tactics differ when they negotiate with someone from a different country? A new study co-authored at University of Cambridge Judge Business School suggests that they do.

While some prior studies have looked at the relative negotiating ethics of different nationalities, the new study, entitled "How ethically would

Americans and Chinese negotiate? The effect of intra-cultural versus inter-cultural negotiations", published in the *Journal of Business Ethics* looks at a significant new factor: it finds that the nationality of the counterparty to negotiations can make people prefer the use of more or less ethical strategies, particularly in areas such as false promises and inappropriate information gathering.

"Business is increasingly global, so ethical concerns are becoming more important in terms of cross-national business and negotiations," said co-author David De Cremer, KPMG Professor of Management Studies at Cambridge Judge. "This study shows that the other party's nationality can affect the ethics of negotiating tactics, and this has important implications."

The study is co-authored by Yu Yang of ShanghaiTech University, David De Cremer of Cambridge Judge Business School, and Chao Wang of the University of Illinois.

The study looks specifically at negotiations between Americans and Chinese, and doesn't compile data involving other nationalities – but it suggests that the findings are not restricted to negotiations between US and Chinese nationals.

"Our current analysis suggests that people may change their use of ethically questionable tactics when they negotiate with someone from a different country," the study says. "In negotiations, people adopt different models of what is ethically acceptable for themselves in intra-cultural versus inter-cultural situations."

Specifically, the study found that American participants were more likely to use "ethically questionable" tactics in negotiations with Chinese (particularly related to dubious information gathering and false promises) than in negotiations with fellow Americans; for their part,

Chinese participants were less likely to use ethically questionable tactics in negotiations with Americans (particularly related to false promises and "attacking the opponent's network," such as attempting to get the counterparty fired so a new person will take their place) than in intra-cultural negotiations with other Chinese.

"The US and China are currently the two largest economies in the world," the study says. "Given the importance and complexity of this bilateral relationship, we must address how negotiations in such circumstances are shaped, particularly with respect to the norms and ethics being used when the representatives of both countries approach each other."

The study is based on 389 American and 421 Chinese participants, all over age 22, with the vast majority employed and with at least some college education.

Participants were outlined a scenario: "You are the lead negotiator for a company that manufactures heavy equipment," and are about to negotiate a deal to sell expensive excavators; the market is very competitive and your company has not met recent targets, and "if this sale is not secured your company will incur a loss."

Each person works for a company located either in the US state of Illinois or in Hunan, China; the only variable is the counterparty (and their presumed nationality), who is located either "nearby" in your own country or "far away" (in the US or China), named either "Justin Adams" or "Jia Liu."

Participants were asked, on a scale of one to seven, their likelihood of using 16 "ethically questionable" (in various degrees) negotiation strategies. In five broad categories, these strategies comprise [false promises](#), misrepresentation to strengthen negotiating position,

inappropriate information gathering about the counterparty's negotiating position, attacking the opponent's network, and "traditional" competitive bargaining such as inflated opening demands.

The study then calculated participants' likelihood of overall use of ethically questionable negotiation tactics, as well as a breakdown by category.

"American participants were significantly more likely to use ethically questionable negotiation tactics in inter-cultural negotiations (Mean 3.00) with Chinese counterparts than in intra-cultural negotiations (Mean 2.75) with American counterparts. By contrast, Chinese participants were marginally less likely to use such tactics in inter-cultural negotiations (Mean 3.92) with American counterparts than in intra-cultural negotiations (Mean 4.06) with Chinese counterparts."

The study concludes: "As current business relationships are increasingly built on a global level, ethical concerns will become an even more important issue in future cross-national business [negotiations](#). As such, we strongly believe that a more nuanced understanding of ethical practices in different countries needs to be developed."

More information: Yu Yang et al. How Ethically Would Americans and Chinese Negotiate? The Effect of Intra-cultural Versus Inter-cultural Negotiations, *Journal of Business Ethics* (2015). [DOI: 10.1007/s10551-015-2863-2](https://doi.org/10.1007/s10551-015-2863-2)

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