

## **THE CONFLUENCE OF CULTURAL RICHNESS AND GLOBAL IDENTITY IN INTRACULTURAL AND INTERCULTURAL NEGOTIATIONS**

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### **INTRODUCTION**

Negotiation, as a joint decision-making process (Pruitt, 1981), has become commonplace in global work and life (Brett, 2007). Given the prevalence of intercultural negotiation, practitioners and researchers alike ask these questions: What makes one's decision-making more effective in cross-cultural settings? How exactly do cultural knowledge and experience influence decisions and outcomes in intra- versus intercultural negotiations? Will the effects vary across cultural settings? We propose that richness of multicultural experience encompasses Breadth and Depth, which influence negotiation outcomes through the psychological activation of Local and Global identities in intra- and inter-cultural negotiations, respectively. In addition, which of the two identity types matter depends on whether the negotiators involved are from the same culture or not. In statistical words, Local and Global identities mediate, and the intra- versus intercultural context moderates, the effects of richness of multicultural experience on negotiation outcomes.

### **THEORY AND HYPOTHESES**

#### **Richness of Multicultural Experience**

To negotiate more effectively in the global marketplace, managers are advised to expose themselves to rich multicultural experiences so that they can better understand the interests and behaviors of their counterparts (Brett, 2007), i.e. individuals with richer cultural experiences are more likely to gain better negotiation outcomes. We propose that multicultural experiences can further be understood through their Breadth and Depth. Specifically, its breadth refers to accumulation of stints to different types of other cultures, while its Depth refers to extended immersion in certain cultures for life functions of work, live, or study in the local language. Breadth provides individuals with surface-level understanding of a multitude of cultures, while

Depth results in an accumulation of deep knowledge and understanding about the culture through time spent and meaningful participation in the culture (Shaules, 2007). Thus, Breadth and Depth of multicultural experiences represent different aspects of negotiators' knowledge of cultures that facilitates their understanding of other parties' authentic needs and their communication with them. Studies have found that richness of intercultural experiences can improve creativity in solving problems with incompatible objectives (Leung et al., 2008; Maddux et al., 2009) and can potentially ease the satisfaction of interests of those involved in social interactions (Bazerman, Curhan, Moore, & Valley, 2000). However, the mechanisms through which Breadth and Depth influence negotiation outcomes in different contexts have yet been examined. This paper seeks to fill this lacuna. Below, we articulate their differential effects through strengthening of negotiators' Local and Global identity types in intra- and intercultural conditions.

### **Global and Local Identities**

Erez and Gati (2004) propose that a major psychological consequence of globalization is the creation of a new collective and impersonal entity to which an individual identifies with and belongs to, i.e. Global identity, in juxtaposition to Local identity. Global identity reflects a sense of belongingness to a worldwide culture and a tendency to adopt behaviors and styles related to a global culture (Erez & Gati, 2004), whereas Local identity refers to a sense of belongingness to a local community and the immediate tangible social environment (Tajfel & Turner, 1979). Global identity and Local identity are two aspects of any individual's identities, and they can coexist at the same time (Ashforth & Mael, 1989).

Since the two identity types reflect individuals' internalized character that is influenced by cultures and workplace norms, we propose that richness of multicultural experience would affect the identity types. Further, the Breadth and Depth of multicultural experience would positively influence negotiation outcomes through the identity types. Breadth of multicultural experience provides chances for individuals to empathize, or to understand their own local identities from other cultures' perspectives (Brewer, 1991). Moreover, social identity research has long recognized that existence of other groups strengthens group members' feelings of their own group membership (Tajfel & Turner, 1979). When individuals are aware that there are other cultures out there competing with their own culture to explain the world or to shape negotiation behaviors, they begin to see the need to protect and assert their own cultural ways, thereby strengthening their Local identity. Depth of multicultural experience, however, tends to function in a different manner. Exposure to other cultures in great depth helps individuals to understand their own culture with more open-mindedness, enabling them to reduce their own culture's stereotypes or unquestioned assumptions (Shaules, 2007). Once these assumptions, unquestioned in their own culture, are re-examined after deep exposure to other cultures, these individuals are more likely to embrace other cultures' merits and global values, and develop a stronger Global identity. This Global identity facilitates more open communication and easier negotiation with individuals from other cultures (Hinds & Mortensen, 2005). Therefore, the two identity types are conscious awareness of such internalized self-concept, through which multicultural experience influence negotiation outcomes.

*Hypothesis 1: Two types of negotiator identity mediate the relationships between two aspects of multicultural experience and negotiation outcomes, respectively. Specifically, strength of Local identity mediates the positive effect that Breadth of multicultural experience has on negotiation outcomes; strength of Global identity*

*mediates the positive effect that Depth of multicultural experience has on negotiation outcomes.*

### **Different Norms Activated in Intra- and Intercultural Negotiations**

We propose that the strength of individual negotiators' Local and Global identity influences their negotiation outcomes, and that this impact differs in intra- and intercultural negotiation contexts. This is because intra- and intercultural negotiations activate different norms for negotiators to obey. Previous research found that intra- and intercultural negotiation contexts activate different psychological mechanisms among negotiators, in their adaptation of negotiation strategies (Brett & Okumura, 1998), asymmetrical experience of communication (Liu, Chua, & Stahl, 2010), sensitivity to interdependent self-construal (Lee, 2005), and the extent to which motivation influences consensus and negotiation outcomes (Liu et al., 2012). The norms for social interaction vary across intra- and intercultural conditions because the presence of a culturally similar or different partner is a situational cue to stimulate cognition (Hong & Chiu, 2001; Hong, Morris, Chiu, & Benet-Martinez, 2000) related to psychological safety based on similarity, defense or novelty based on the difference.

In intra-cultural negotiations, both sides of the negotiation table share a similar cultural profile and orientation. In this case, Local identity is consistent with the context and tends to have a stronger positive effect on negotiation outcomes. When a negotiator sees that the other side is from the same culture, his/her Local identity and the corresponding norms of behavior and negotiation script become activated. Those with a stronger Local identity would thus act in more culturally consistent ways with the same-culture negotiating partner. According to the similarity-attraction theory, people are attracted to working and cooperating with those whom they perceive to be similar in terms of attitudes, values, and beliefs (Byrne, 1971). Those with a stronger Local identity are likely to have negotiating partners who are more motivated to be collaborative in sharing information to discover common interest issues and explore integrative solutions, or be less contentious on distributive issues, enabling them to gain better economic outcomes, and better subjective outcomes, such as satisfaction with the negotiation process, etc.

In intercultural negotiations, negotiators come with different cultural profiles and orientations where the differences may range from small ones to large contrasting ones. The presence of a partner from a different culture activates awareness and knowledge about the uncertain context (Gudykunst, 2005). This helps negotiators from both sides to activate their knowledge about the intercultural situation, shape their behaviors towards international approaches, and remind themselves to behave, as the international negotiations require (Kim, 1988, 2008; Ting-Tommey, 1999; Gudykunst, 2005). For those with high levels of Global identity, they are more seasoned in interacting with foreigners and can behave more skillfully in these contexts (Erez & Gati, 2004). High Global identity negotiators are thus more able to overcome impediments that are typically found in intercultural negotiations, such as negotiators adhering to different and incompatible negotiation scripts (Adair & Brett, 2005; Tinsley, et al. 1999), and negotiators bringing different culture-specific schemas to the negotiation table (Imai & Gelfand, 2010). Moreover, the negotiating partner is likely to appreciate the high Global identity negotiator's understanding and adaptation to his/her cultural ways. All these would motivate the high Global identity negotiator's partner to be more collaborative in exchanging pertinent information to discover common interest issues and explore integrative solutions, or be less contentious on distributive issues. This would enable the negotiators to avoid the typical

pitfalls of intercultural negotiations which tend to be plagued with problems of premature closure of the search for alternatives and inefficient information sharing (Brett & Okumura, 1998). As a result, a stronger Global identity is likely to lead to better economic and subjective negotiation outcomes in the intercultural context.

*Hypothesis 2: The intra- and intercultural conditions moderate the relationship between identity types and negotiation outcomes. Specifically, the intra-cultural condition strengthens the positive relationship between Local identity and negotiation outcomes; the intercultural condition strengthens the positive relationship between Global identity and negotiation outcomes.*

## **EMPIRICAL STUDIES: PROCEDURES AND RESULTS**

We carried out four studies to test the hypotheses in this paper. Study 1 was conducted in China with 19 American intra-cultural pairs, 21 Chinese intra-cultural pairs, and 39 American-Chinese intercultural pairs. We used The New Recruit case (Neale, 2001) which is an 8-issue integrative negotiation scenario. To replicate the findings from Study 1, we conducted Study 2 in China with a different negotiation scenario and participant profiles. We collected data from 31 American intra-cultural pairs, and 55 intercultural pairs involving Chinese and a variety of foreign negotiators. We used The Practice which is an 8-issue negotiation scenario. In Study 3, we expanded the sample of our investigation of intra-cultural negotiations to France. Our French participants conducted intra-cultural negotiations using The New Recruit case (same as in Study 1). In Study 4, we focused on testing the hypothesized effects in intercultural negotiations. This study complements our prior studies by extending the intercultural negotiation condition beyond that of only Chinese versus American or participants of other nationalities, and by using a third negotiation scenario. This study was conducted in the U.S. with 72 negotiators from 21 countries in North America, Latin America, Europe, Asia, the Middle East and Oceania. The negotiations took place between a variety of intercultural dyadic combination of nationalities. We used the Ocampo-Sportsgear Endorsement Deal negotiation scenario (Teegen & Weiss, 2004) which is an 8-issue negotiation scenario.

Throughout all four studies, we used the same procedure and measures of key variables. Before the actual negotiations, the participants first answered survey questions measuring their cultural intelligence (Earley & Ang, 2003), Global and Local identities (Erez & Gati, 2004), international experience (including number of countries visited/lived, length and purpose of each visit/stay, and languages) and demographic information (age, gender, work experience, birth country, and passport nationality). We measured Depth of multicultural experience with three indices: (i) difference between birth and passport countries, (ii) proficiency of foreign languages, and (iii) length of stay in a foreign country for more than 3 months. The composite for Breadth of multicultural experience counts number of countries visited for less than 1 month with three functional indices: a) work, b) study, c) leisure. We standardized these two composite variables into 7-point Likert scales.

About 3-5 days after completing the pre-negotiation surveys, the participants conducted a face-to-face negotiation for 45-60 minutes, and completed a post-negotiation questionnaire that measures their subjective values (Curhan, Elfenbein, & Xu, 2006). Curhan et al. (2006) measure four factors to represent the subjective negotiation outcomes, including the instrumental, self, process, and relational values as perceived by negotiators. As suggested by Curhan and colleagues (2006, 2010), we used the umbrella or composite measure of subjective values in

general in our hypothesis testing. In addition, the economic outcomes of each negotiator were calculated as a percentage of the maximum possible payoff points, to make them comparable across scenarios (Liu et al., 2010, 2012).

We tested the hypothesized relationships using multiple approaches. In each individual study with relatively small sample size, we used the Baron and Kenny's (1986) approaches to test mediation and moderation effects, including bootstrap mediation methods in Amos 20 (Arbuckle, 2011; Preacher & Hays, 2008a), and a 2 (Breadth vs. Depth)  $\times$  2 (Local vs. Global identity)  $\times$  2 (intra- vs. intercultural) ANCOVA model for moderation tests (Chen, Mannix, & Okumura, 2003), with the overall cultural intelligence as a covariate, and negotiation role as a covariate when the dependent variable is economic outcome. Controlling for role effects address the non-independence issue between the individual negotiators' economic outcomes (Curhan & Pendland, 2007; Kashy & Kenny, 2000). We did not find a significant role effect from all four studies, and the positive covariate effects of cultural intelligence across all studies are consistent with Imai and Gelfand (2010). Then, we combined the data from all four studies with standardized scores where necessary to test the moderated mediation model as recommended by Edwards and Lambert (2007) and Preacher et al. (2007).

All the results<sup>1</sup> from the various tests described above using data from our four studies support our hypotheses that: (i) strength of Local identity mediates the positive effect that Breadth of multicultural experience has on negotiation outcomes; strength of Global identity mediates the positive effect that Depth of multicultural experience has on negotiation outcomes (H1); and (ii) the intra-cultural condition strengthens the positive relationship between Local identity and negotiation outcomes; the intercultural condition strengthens the positive relationship between Global identity and negotiation outcomes (H2).

## DISCUSSION

### Theoretical Implications

Our paper highlights the contextual factors activating individuals' Local versus Global identities in negotiations, expanding the current understanding on the dynamic constructivist view of culture (Hong et al., 2000). The results of our four studies contribute to the cross-cultural research and negotiation literatures in three primary ways.

First, intra- and intercultural negotiation outcomes are influenced by negotiators' Breadth and Depth of their multicultural experiences. Previous research offers recommendations on intercultural negotiations that negotiators who are knowledgeable about others', especially the partner's, culture can have advantages (e.g., Brett, 2007). Our findings qualify such recommendations in that the effect exists only when talking about the Depth of multicultural experiences, but not Breadth. Breadth of multicultural experiences, though not helpful for intercultural negotiations, does help negotiators in intra-cultural negotiations. While it may seem rather counter-intuitive to expect that exposure to other cultures would enable one to perform more effectively when interacting and negotiating with fellow same-culture members, our theoretical arguments and findings show that this is possible. Breadth of multicultural experiences impacts intra-cultural negotiations through Local identity, because wide and short-term exposures to other cultures stimulate better understanding of one's own culture. On the other hand, the Depth of multicultural experiences impacts intercultural negotiations through Global identity because in-depth knowledge about other cultures helps the negotiators marshal

cues of their partners' authentic needs and intentions more effectively. Thus, it is important to differentiate between Breadth and Depth, and to delve deeper into understanding the mechanisms through which they operate in contributing to better negotiation outcomes.

Second, our findings underscore the contextual cues that activate different cultural norms in social interactions such as negotiations, resonating with the central premises of the dynamic constructivist view of culture (e.g., Hong et al., 2000) and cross-cultural adaptation (Kim, 1988, 2008; Ting-Toomey, 1999). The presence of a foreigner on the other side of the table activates uncertain cognition of the context (Gudykunst, 2005). In intercultural interactions, negotiators are expected to follow norms that are more widely accepted in the business world—not only in their own culture, but also in their partners' cultures. Such situational cues make the intercultural norms salient, enabling negotiators with a stronger Global identity to take advantage of their ability to understand and communicate effectively with people from other cultures.

Third, activation of different norms echoes the theoretical postulations by Cialdini et al. (1991) that situational cues channel individuals' understanding of norms. Individuals adapt their behaviors through their understanding of the social contexts (Kim, 1988, 2008). Presence of a partner from a different culture triggers the need to adopt more general, universal behaviors. On the contrary, presence of a culturally similar partner does not activate the need for adaptation. Hence, activation of these cultural knowledge and identity types depends on contextual factors.

### **Practical Implications**

We recommend multinational companies to consider the practical implications of our findings in their personnel selection, training programs, leadership and career development programs, and succession planning. Depending on the job design and organizational strategic needs, organizations can use various ways to strengthen their employees' and managers' Local and/or Global identity, as well as field their employees and managers according to the interaction contexts (same or different cultures) with various stakeholders to maximize their own gains at the negotiation table. Moreover, grooming global leaders by exposing them to both aspects of multicultural experience (high Breadth and high Depth) will help them become more effective in leading their companies as they often need to make critical decisions together with internal staff and external stakeholders who can be from the same culture or other cultures that span the globe.

Our research findings also show that there is much value for business schools to incorporate opportunities for their students to acquire both Breadth and Depth of multicultural experiences within the curriculum of their various degree programs. For instance, business schools can offer a variety of "Study Abroad" opportunities that include short-term, faculty-led programs during the summer, as well as semester and full-year enrollment programs at international exchange universities. Such varied international experience offerings will enable business schools to effectively train and develop graduates who can successfully navigate both intra- and intercultural contexts.

### **ENDNOTES**

1. For detailed statistical results, please contact the authors for the full paper.

### **REFERENCES AVAILABLE FROM THE AUTHOR(S)**