

Paying a Price: Culture, Trust, and Negotiation Consequences

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Three studies contrasting Indian and American negotiators tested hypotheses derived from theory proposing why there are cultural differences in trust and how cultural differences in trust influence negotiation strategy. Study 1 (a survey) documented that Indian negotiators trust their counterparts less than American negotiators. Study 2 (a negotiation simulation) linked American and Indian negotiators' self-reported trust and strategy to their insight and joint gains. Study 3 replicated and extended Study 2 using independently coded negotiation strategy data, allowing for stronger causal inference. Overall, the strategy associated with Indian negotiators' reluctance to extend interpersonal (as opposed to institutional) trust produced relatively poor outcomes. Our data support an expanded theoretical model of negotiation, linking culture to trust, strategies, and outcomes.

Keywords: culture, trust, negotiation strategy, Indian and U.S. negotiators

The expansion of global economic activity has spawned theoretical interest in the impact of culture on negotiation (Requejo & Graham, 2008). This interest has led to research documenting reliable and often remarkable cultural differences in the strategies that negotiators use (Adair & Brett, 2005; Adair, Weingart, & Brett, 2007; Fang, 1999; Harnett & Cummings, 1980; March, 1988). For example, Adair and Brett (2005) reported that Western negotiators (e.g., Americans) tend to rely on information-sharing strategies, and Eastern negotiators (e.g., the Japanese) tend to rely on offer-making strategies, early in a negotiation.

Although the *existence* of cultural differences in negotiation strategy is well-documented, the *explanation*—what it is about culture that influences negotiation strategy—is less well-understood. Drawing on research indicating that trust facilitates information-sharing strategy among negotiators from a Western culture (Butler, 1999; Kimmel, Pruitt, Magenau, Konar-Goldband, & Carnevale, 1980; Pruitt & Lewis, 1975) and research indicating that trust varies by culture (e.g., Branzei, Vertinsky, & Camp, 2007; Delhey & Newton, 2005; Yamagishi, Cook, & Watabe, 1998), we propose trust as a general, theoretical explanation for cultural differences in negotiation strategy.

Mayer, Davis, and Schoorman (1995, p. 712) have defined trust as

the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party.

This definition is particularly pertinent to our theorizing because negotiation is an interaction between identifiable parties (e.g.,

Pruitt & Lewis, 1975; Walton & McKersie, 1965) in which some strategies (e.g., information-sharing) leave negotiators more vulnerable to exploitation than other strategies (e.g., offer-making; Butler, 1995; Kimmel et al., 1980). Thus, we propose that trust may account for cultural differences in negotiation strategy. The major theoretical contributions of our research are in identifying why there are cultural differences in trust and how cultural differences in trust influence negotiation strategy. Figure 1 presents our theoretical model, which integrates new theory about culture, trust, and negotiation strategy with prior research demonstrating relationships between strategy, insight (understanding of mutually beneficial tradeoffs), and joint gains (value created; e.g., Pruitt & Lewis, 1975; Weingart, Thompson, Bazerman, & Carroll, 1990).

To test our model, we present three empirical studies that draw samples from managerial populations in two cultures: the United States (where prior research would suggest that trust in negotiation should be high) and India (where research would suggest that trust in negotiation should be low). Study 1, a survey, examines Master of Business Administration (MBA) students' willingness to trust in negotiation, documenting that Indians and Americans define trust similarly but see the appropriateness of trusting differently. Study 2 engages Indian and American executives in a negotiation simulation, using post-negotiation data to demonstrate relationships between the constructs in our model. Study 2's survey data preclude causal inference, but Study 3 addresses causality. Using data from coded negotiation transcripts of the same simulation, but different executive samples, Study 3 tests causal relationships between culture, negotiation strategies, and outcomes. Together, these studies document cultural differences in trust and the implications of cultural differences for negotiation strategy and joint gains.

The studies contribute to both the culture and the negotiation literatures. To the culture literature, they identify implications of culture for trust, strategy, and outcomes in negotiation. To the negotiation literature, the studies provide empirical evidence for a theoretical explanation (trust) that accounts for previously documented cultural differences in strategy. Additionally, the results illustrate theory concerning the demands that different negotiation strategies place on trust (Brett et al., 2007; Butler, 1999; Kimmel et al., 1980).

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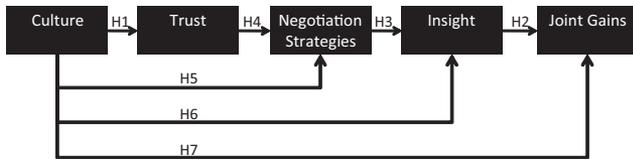


Figure 1. Theoretical model integrating new theory about culture, trust, and negotiation strategy with prior research demonstrating relationships between strategy, insight, and joint gains. H = Hypothesis.

We must note several caveats: We recognize that both India and the United States are tremendously diverse cultures. Our research is limited to the populations from which we sampled: MBA students and executives enrolled in courses at business schools. Thus, when we say “American” and “Indian,” we are referring to the managerial population of these countries, especially the segment of that population engaged in continuing education, not the population in general. Additionally, when we say “trust” and “strategies,” we are referring to trust and strategies *in negotiation*, not trust or strategic behavior in general. Thus, a culture’s trust in negotiation may or may not reflect their trust in other situations.

The next sections develop theorizing underlying the relationships in our model. The first, “Culture and Trust,” starts at the beginning of our model, explaining why trust in negotiation may vary by culture. The next, “Modeling the Impact of Culture on Negotiation,” jumps to the end of the model, explaining the importance of joint gains. It then reviews the literature concerning the antecedents of joint gains: insight, negotiation strategy, and trust. Our theorizing thus converges around trust.

Culture and Trust

People from different national cultures vary in their willingness to trust one another (Ferrin & Gillespie, 2010; Inglehart, Basáñez, & Menéndez Moreno, 1998; Johnson & Cullen, 2002). Across many interpersonal interactions, Westerners (i.e., North Americans, Western Europeans) tend to make the “swift trust” assumption: Others deserve to be trusted until they prove otherwise (Dirks, Lewicki, & Zaheer, 2009; Meyerson, Weick, & Kramer, 1996; Weber, Malhotra, & Murnighan, 2005). Easterners (i.e., East and South Asians) generally trust less than Westerners (Delhey & Newton, 2005; Yamagishi & Yamagishi, 1994), but they also condition their trust on the situation (Branzei et al., 2007). A central question raised by this research is why some cultures, whether Eastern or Western, trust more than others.

Cultural Tightness–Looseness and Trust

Yamagishi and colleagues (e.g., Takahashi et al., 2008; Yamagishi et al., 1998; Yamagishi & Yamagishi, 1994) have suggested an answer: High- and low-trust cultures have different mechanisms for controlling behavior. Cultures in which social norms are clearly defined and reliably imposed (i.e., “tight” cultures; Gelfand, Nishii, & Raver, 2006; Pelto, 1968) tend to enforce behavioral expectations through monitoring and sanctioning (institutional mechanisms)—leaving little room for improvisation or interpretation (Boldt, 1978a, 1978b; Boldt & Roberts, 1979). In contrast, cultures in which social norms are relatively flexible and informal

(i.e., “loose” cultures; Gelfand et al., 2006) typically propose expectations but permit individuals to define the “range of tolerable behavior within which [they] may exercise their own preferences” (Gelfand et al., 2010, p. 7; see also Boldt, 1978a, 1978b; Boldt & Roberts, 1979; Ford, Young, & Box, 1967). Thus, enforcement in loose cultures is left to interpersonal mechanisms.

Yamagishi’s research and theorizing articulates the implications for trust: Because institutional mechanisms govern behavior in tight cultures, individuals from these cultures tend to rely on institutional trust more than interpersonal trust to control behavior and sanction deviance. Because interpersonal mechanisms govern behavior in loose cultures, the exact opposite is true there (e.g., Takahashi et al., 2008; Yamagishi et al., 1998; Yamagishi & Yamagishi, 1994). Indeed, referring to interpersonal trust, Yamagishi (2009) asserted that people in cultures with strong social norms “do not need social intelligence to find out who is trustworthy—trust is not needed” (p. 3). Although these individuals may act as if they interpersonally trust (Fukuyama, 1995), their behavior largely reflects assurance in institutions (Yamagishi & Yamagishi, 1994).

To test these assertions, Yamagishi’s research typically puts people in situations stripped of everyday norms and sanctions (e.g., bargaining games). If individuals from tight cultures rely on institutional, as opposed to interpersonal trust, the absence of the relevant institutions should elicit low trust. In a series of studies with the trust and faith games,¹ neither allowing sanctions, Yamagishi and colleagues have demonstrated repeatedly that the Japanese—an axiomatic tight culture (Gelfand et al., 2006)—trust less than Americans (Kiyonari, Foddy, & Yamagishi, 2007; Kiyonari, Yamagishi, Cook, & Cheshire, 2006) and Chinese (Yamagishi, 2009).

The implication of Yamagishi’s research is ironic: Institutional and interpersonal trust substitute and, perhaps, crowd each other out. The strong norms and sanctions undergirding institutional trust in “tight” cultures seem to eliminate the need for interpersonal trust, affording a reliable, external guarantor of behavior. As long as the institutions remain in force, interpersonal trust is unnecessary, and a lifetime of externally controlled situations prevents individuals in such cultures from developing much interpersonal trust (Takahashi et al., 2008; Yamagishi et al., 1998; Yamagishi & Yamagishi, 1994). Conversely, cultures with weak norms and sanctions (i.e., “loose” cultures; Gelfand et al., 2006) afford few external guarantors of behavior. Smooth social interaction requires individuals from such cultures to extend one another interpersonal trust. A lifetime of situations relatively free from external constraint leads these individuals to trust swiftly and on faith (Meyerson et al., 1996), unless and until their trust is violated. In sum, institutional and interpersonal bases of trust appear to substitute (Malhotra & Murnighan, 2002; Sitkin & Roth, 1993; Yamagishi & Yamagishi, 1994).

We propose that negotiations, like bargaining games, afford little basis for institutional trust. Many commentators have noted how everyday norms and sanctions only weakly govern behavior at the negotiating table (e.g., Brett, 2007; Fisher & Ury, 1981; Robinson, Lewicki, & Donahue, 2000). For example, everyday norms about deception have little to say about whether negotiators

¹ In the trust game, behavior depends on general trust expectations and expectations of reciprocation. In the faith game, behavior depends only on the former.

should bluff about their bottom line, and the sanctions commonly associated with these norms rarely apply in negotiation (Robinson et al., 2000). The absence of clear, institutionally validated norms and sanctions suggests that interpersonal, not institutional, trust is the primary behavioral guarantor in negotiations. The implication is that negotiators from tight cultures, who depend on institutional trust, should trust little in negotiations.²

India, the United States, and Trust in Negotiation

Research suggests that India is a tight culture, and the United States is a loose culture (Gelfand et al., 2010, 2006).³ Gelfand et al. (2010) developed and validated a six-item measure of cultural tightness–looseness across 7,293 participants in 33 national samples—including India and the United States. In their Table 2, India is ranked third in cultural tightness, ahead of even Japan. In contrast, the United States ranked 22nd, strongly supporting the proposition that India is culturally tighter than the United States.

Furthermore, Gelfand et al. (2006) argued that the primary psychological correlate of cultural tightness is *felt accountability*—the subjective weight of others' expectations (Frink & Klimoski, 1998). Miller and colleagues (Miller, 1984; Miller, Bersoff, & Harwood, 1990) have thoroughly documented how Indian culture fosters higher felt accountability than U.S. culture by framing everyday social responsibilities as moral, rather than personal, choices. One reason for substantial felt accountability is that Indian culture affords numerous and overlapping institutional guarantors of behavior. From childhood, Indians learn that many, if not most, social interactions are embedded in family networks and that family members—even distant ones—stand ready to monitor and sanction deviance (Sinha, 1997). Indian traditions, such as weddings, reinforce the salience and potency of family ties and may also provide opportunities for monitoring and sanctioning (Banerjee, Duflo, Ghatak, & Lafortune, 2010). Likewise, Indians learn, early in life, to attend to distinct social groups organized along the lines of language, caste, religion, and region. These categories segment a population of more than one billion people into smaller social groups that, in the absence of family ties, will readily enforce social norms (Sinha & Sinha, 1990). In all of these ways and others, Indian society reinforces cultural tightness.

In discussing the theoretical basis for cultural tightness–looseness, Gelfand et al. (2010, 2006) also have emphasized that tight–loose cultural differences are reflected in cultural attributes extending beyond psychology (e.g., ecology, demographics, economic institutions). Furthermore, they build upon earlier theorizing (Pelto, 1968; Triandis, 1989) to argue that examining such attributes is a reliable means of determining whether a particular culture is tight or loose. On these indices too, India and the United States differ rather dramatically. For example, India ranks 32nd and the United States ranks 178th (out of 239 countries) in population density (United Nations, 2008)—a central predictor of cultural tightness (Gelfand et al., 2006). Indeed, India ranks substantially higher than the United States on a host of attributes specifically associated with tight cultures (Gelfand et al., 2010)—for example, population growth, water availability, child mortality, undernourishment, and deaths from environmental threat (Yale University, 2005). Additionally, Indian Information Technology (IT) epitomizes the organizational correlates of cultural tightness (Gelfand et al., 2006): efficiency in project delivery, capability to

conform to clients' specific requests, and extremely high levels of monitoring (Ethiraj, Kale, Krishnan, & Singh, 2005). Finally, strong norms and sanctioning appear in the lingering influence of the caste system on schooling and marriage choices (Banerjee et al., 2010; Munshi & Rosenzweig, 2006).

On the basis of Yamagishi and colleagues' (Takahashi et al., 2008; Yamagishi et al., 1998; Yamagishi & Yamagishi, 1994) and Gelfand et al.'s (2010, 2006) trailblazing research, we propose a relationship between culture and trust in negotiation. In the “loose” U.S. culture, if people routinely trust on faith (Huff & Kelley, 2003; Meyerson et al., 1996; Weber et al., 2005), then negotiators should extend relatively high interpersonal trust to their counterparts. However, in the “tight” Indian culture, if people depend on institutional guarantors and such guarantors are absent from negotiations (Robinson et al., 2000; Yamagishi & Yamagishi, 1994), then negotiators should extend relatively low interpersonal trust to their counterparts.

Hypothesis 1: Indian negotiators will trust less than American negotiators.

Although we expect Indian negotiators to trust less than American negotiators, we do not expect them to define the underlying concept of trust differently. If they did, cultural differences would imply a difference in conceptualization rather than substance. Thus, our first study also evaluates whether Indian and American negotiators define trust differently. Given the “no difference” nature of our prediction, we do not formulate it as a formal hypothesis.

Modeling the Impact of Culture on Negotiation

We begin this section by explaining why joint gains—the ultimate dependent variable in our model—are important in negotiation. Then, we review the empirical literature on the antecedents of joint gains: insight (Hypothesis 2) and negotiation strategy (Hypothesis 3). This review provides the basis for our subsequent theoretical discussion of the demands that negotiation strategies make on trust (Hypothesis 4). Finally, building on the theorizing underlying Hypotheses 1–4, we propose hypotheses relating culture to strategy (Hypothesis 5), insight (Hypothesis 6), and joint gains (Hypothesis 7).

² Yamagishi and colleagues (e.g., Takahashi et al., 2008; Yamagishi et al., 1998; Yamagishi & Yamagishi, 1994) describe cultures with an institutional basis for trust as societies with strong norms and sanctioning systems and cultures with an interpersonal basis for trust as societies with weak norms and sanctioning systems. They do not use the terms cultural “tightness” and “looseness.” However, Gelfand et al.'s (2010, 2006) description of tight and loose cultures matches almost exactly Yamagishi and colleagues' description of societies with institutional and interpersonal bases for trust. Additionally, the exemplar institutional culture matches the exemplar tight culture (e.g., Japan), and the exemplar interpersonal culture matches the exemplar loose culture (e.g., the United States). Thus, for simplicity, we equate cultures with strong norms and sanctioning systems (Yamagishi) with tight cultures (Gelfand), and cultures with weaker norms and sanctioning systems (Yamagishi) with loose cultures (Gelfand).

³ At the time of writing, Gelfand et al.'s (2010) manuscript has passed through initial review and is under in-depth review at a major academic journal.

Joint Gains and Insight

Many negotiations are mixed-motive (Raiffa, 1982). They present opportunities both to create joint gains and to claim individual gains. Creating joint gains serves both parties' self-interests: It increases the resources each can claim; facilitates agreement by expanding, or even creating, a zone of possible agreement; and promotes stable agreements and long-term relationships (Brett, 2007; Kimmel et al., 1980; Pruitt, 1981; Pruitt & Lewis, 1975; Raiffa, 1982; Walton & McKersie, 1965; Weingart et al., 1990). Creating joint gains is thus an important objective in negotiation (Brett, 2007; Kimmel et al., 1980; Pruitt & Lewis, 1975; Raiffa, 1982; Requejo & Graham, 2008).

Opportunities for joint gains arise when negotiators attach different priorities to the issues or to new issues that they discover while negotiating (Raiffa, 1982). Creating joint gains involves reaching *insights*, that is, discovering the tradeoffs that give negotiators favorable terms on their highest priority issue(s) and incorporating those insights into agreements (Pruitt, 1981; Raiffa, 1982). This is a well-documented relationship (Brett & Okumura, 1998; Kimmel et al., 1980; Olekalns & Smith, 2003; Pruitt & Lewis, 1975; Weingart et al., 1990). Thus,

Hypothesis 2: Insight will be positively related to joint gains.

Negotiation Strategy

Negotiators achieve joint gains by using strategies: sets of actively or passively chosen, goal-directed behaviors (Weingart et al., 1990). The strategies most consistently documented as successful for generating joint gains are asking questions and providing answers early in the negotiation (Adair & Brett, 2005; Kimmel et al., 1980; Olekalns & Smith, 2003; Pruitt & Lewis, 1975; Weingart et al., 1990). *Questions* are interrogative statements made to elicit information-sharing, and *answers* connote information-sharing about preferences, priorities, and interests (Weingart, Brett, Olekalns, & Smith, 2007; Weingart et al., 1990). Because the norm of reciprocity (Gouldner, 1960) eventually requires those who ask questions to answer them, questions and answers tend to cluster, empirically; negotiations with more questioning also tend to contain more information-sharing (Weingart et al., 2007). We label this set of strategies "Q&A."

Q&A promotes an understanding of negotiators' underlying priorities, which is later integrated into offers (Adair & Brett, 2005; Kimmel et al., 1980; Olekalns & Smith, 2003; Pruitt & Lewis, 1975; Weingart et al., 1990). Because these offers then reflect the relevant tradeoffs, Q&A facilitates insight and joint gains (Brett & Okumura, 1998; Kimmel et al., 1980; Olekalns & Smith, 2003; Pruitt & Lewis, 1975; Weingart et al., 1990). Thus,

Hypothesis 3a: Q&A strategy will be positively related to insight.

Yet, not all negotiators rely on Q&A before making offers. Some use single-issue offers and substantiation (persuasion intended to elicit concessions) from the negotiation's outset (Kimmel et al., 1980). Theoretically, substantiation complements offers by justifying a negotiator's own demands and by challenging the counterpart's logic, assumptions, or facts. Substantiation and offers (especially single-issue offers) also tend to cluster, empirically

(Weingart et al., 2007). That is, negotiators who make frequent single-issue offers also use an array of substantiation tactics (e.g., threats, power plays, appeals to fairness). We label this second, well-researched negotiation strategy consisting of substantiation and offers "S&O."

American negotiators relying on S&O tend to miss the relevant tradeoffs and realize poor joint gains (Adair et al., 2007; Kimmel et al., 1980; Pruitt, 1981; Pruitt & Lewis, 1975; Weingart et al., 1990). An early focus on offers tends to lock these negotiators into positional, issue-by-issue haggling rather than the discussion of mutually beneficial tradeoffs (Adair et al., 2007). Thus, at least among American negotiators, opening a negotiation with Q&A appears well-suited to generating joint gains, whereas opening a negotiation with S&O appears to undermine joint gains by diverting attention from the relevant tradeoffs (Adair et al., 2007; Kimmel et al., 1980; Pruitt, 1981; Pruitt & Lewis, 1975; Weingart et al., 1990). Thus,

Hypothesis 3b: S&O strategy will be negatively related to insight.

Negotiation Strategy and Trust

Many scholars have commented on the relationship between trust and negotiation strategy (Butler, 1995, 1999; Deutsch, 1973; Kimmel et al., 1980; Walton & McKersie, 1965; Zand, 1972). Recall that trust involves the willingness to accept vulnerability based on favorable expectations (Mayer et al., 1995). In negotiation, vulnerability stems from the counterpart's ability to exploit information that a negotiator shares—that is, to take advantage (Butler, 1999). Trusting negotiators believe that counterparts will not take advantage but will instead use shared information in a mutually beneficial way (Butler, 1999; Zand, 1972). Likewise, counterparts who share information are seen as trustworthy and those who withhold it untrustworthy; the former inspire reciprocal information-sharing, and the latter inspire reciprocal withholding (Butler, 1995).

The Q&A strategy requires trust because both questions and answers give the counterpart an opportunity to take advantage (Butler, 1999). Questions invite vulnerability by revealing gaps in a negotiator's knowledge and making it more likely that the questioner, too, will eventually have to answer (Pruitt & Lewis, 1975). Answers create vulnerability because they tend to reveal sensitive information about a negotiator's private preferences (Kimmel et al., 1980; Pruitt & Lewis, 1975). Vulnerabilities notwithstanding, negotiators need to understand each other's priorities to reach insight and to achieve joint gains (Kimmel et al., 1980). High trust, grounded in the belief that a counterpart will use shared information to identify mutually beneficial opportunities (Kimmel et al., 1980), enables negotiators to surface preferences via Q&A.

Low trust, based on a concern that the counterpart will exploit shared information, motivates a reluctance to accept vulnerability. Accordingly, low trust casts Q&A as unwise at-best, and an invitation to take advantage at-worst—changing the calculus of Q&A. If asking questions reveals incomplete knowledge, and the counterpart is expected to answer deceitfully, why ask at all? If answering questions reveals private preferences, and the counterpart is expected to exploit that information, why answer truthfully? By withholding information, low-trust negotiators can avoid the

risk of vulnerability (Butler, 1995). In contrast, neither substantiation nor offers requires trust, because neither reveals much about a negotiator (Adair et al., 2007; Kimmel et al., 1980; Pruitt & Lewis, 1975). Rather than a window into a negotiator's priorities, S&O may be an aggressive fulfillment of one's own competitive motives or a cautious defense against the counterpart's motives (Bazerman & Neale, 1992; Fisher & Ury, 1981).

Despite compelling theorizing, the evidence for a relationship between trust and negotiation strategy is mixed. Butler (1999) reported a weak relationship between manipulated trust and self-reported information-sharing. However, a similar manipulation of trust (Kimmel et al., 1980) only elicited information-sharing under high aspirations and high trust. Additionally, negotiators more often provided "directional information" about preferences under low, rather than high, trust (Kimmel et al., 1980). Finally, offers were not associated with trust, but threats, put-downs, and arguments in service of substantiation were a function of low trust—but only for male dyads. Overall, further empirical investigation seems merited. Thus,

Hypothesis 4a: Trust will be positively related to the use of Q&A strategy.

Hypothesis 4b: Trust will be negatively related to the use of S&O strategy.

Culture and Negotiation

The theory linking culture to trust (Hypothesis 1), trust to strategy (Hypothesis 4), strategy to insight (Hypothesis 3), and insight to joint gains (Hypothesis 2) provides a solid foundation for hypothesizing about the direct relationship between culture and each of the remaining variables (strategy, insight, and joint gains). If American negotiators trust more than Indian negotiators (Hypothesis 1), then Americans should use the high-trust Q&A strategy more than Indians, and Indians should use the low-trust S&O strategy more than Americans:

Hypothesis 5a: American negotiators will use Q&A strategy more than Indian negotiators.

Hypothesis 5b: Indian negotiators will use S&O strategy more than American negotiators.

If Q&A strategy is positively related and S&O strategy is negatively related to insight (Hypothesis 3), and if American negotiators use more Q&A and Indian negotiators use more S&O (Hypothesis 5), then American negotiators should have greater insight into each others' priorities than Indian negotiators do.

Hypothesis 6: American negotiators will have more insight into their counterparts' priorities than Indian negotiators do.

Finally, if insight is positively related to joint gains (Hypothesis 2), and if American negotiators have greater insight than Indian negotiators (Hypothesis 6), then American negotiators' joint gains should exceed the joint gains of Indian negotiators.

Hypothesis 7: Americans will negotiate higher joint gains than Indians.

Study 1: Culture and Trust in Negotiations

Study 1 tests Hypothesis 1 that in negotiations Indians will trust less than Americans. Study 1 also tests whether trust has the same meaning for Indian and American negotiators. Across all studies, our Indian and American samples were associated with two very similar institutions. Both institutions are top-tier, globally ranked business schools located outside of cities with populations near 3.5 million. Both have MBA and executive-level programs conducted exclusively in English, and both attract their own country's top managerial prospects.

Method

Procedures. Study 1 used a closed-ended Web survey of Indian and American MBA students enrolled in a negotiation strategies course. A week before the first class, students received an e-mail from their professor requesting participation. The e-mail emphasized that participation was optional, promised personalized feedback via e-mail, and provided a link to the survey. The participant list and personalized feedback were not available to the professor.

Participants. MBA students (143 from the United States and 135 from the Indian business school) completed the survey, yielding response rates of 87.73% and 76.70%, respectively. From this pool, we retained respondents who reported that their nationality was American (Indian) and that their dominant culture was the same as their nationality. The Indian sample was larger, younger, and more male than the American sample—age: American = 28.72 years ($SD = 2.20$); Indian = 27.43 years ($SD = 1.97$), $t(196) = 4.28$, $p < .001$; gender: American = 48.72% male; Indian = 77.17% male, $\chi^2(1) = 17.51$, $p < .001$. We tested for effects of age and gender by correlating these variables with the dependent variables. None of these correlations were significant, except one (age and benevolence) noted below.

Data and analysis. We measured the independent variable, national culture, by the school where the data were collected and the self-reported nationality and culture of participants.

We asked five, closed-ended questions using 7-point, Likert-type scales (1 = *strongly disagree*, 7 = *strongly agree*) to measure trust in negotiations. We selected two questions from a validated scale on trust in negotiation (Lewicki, Stevenson, & Bunker, 1997; Olekalns, Lau, & Smith, 2007): "The other party will try to be someone who keeps promises and commitments" and "The other party will do what they say they will do." For reliability, we then wrote three more questions about trust in negotiations. They were as follows: "In negotiations . . ." "most other parties are basically honest," "there is no point in trusting the other party until the two of you have had repeated interactions," and "you should not trust the other party, even if you know them well in other contexts." Responses to the five questions were correlated, so we recoded them as appropriate and computed a trust scale ($\alpha = .71$).

To determine whether Indian and American negotiators defined the concept of trust similarly, we asked three questions (using 7-point scales; 1 = *not at all*, 7 = *very much so*) about whether trust in negotiation means ability, benevolence, and integrity (Mayer et al., 1995; see Appendix A). We expected no cultural differences.

Results and Discussion

Indian and American negotiators defined trust similarly, but, as predicted by Hypothesis 1, Indians were less willing to trust in negotiations than Americans. Respondents from both cultures agreed that trust means that the other party has ability (American $M = 5.22$, $SD = 1.03$; Indian $M = 5.08$, $SD = 1.14$), $t(201) = 0.87$, $p = .39$; benevolence (American $M = 3.83$, $SD = 1.39$; Indian $M = 4.05$, $SD = 1.34$), $t(200) = 1.10$, $p = .27$; and integrity (American $M = 5.33$, $SD = 1.10$; Indian $M = 5.17$, $SD = 1.23$), $t(203) = 0.94$, $p = .35$.⁴ Benevolence was correlated with age, $r(195) = -.15$, such that younger participants agreed more often than older participants that trust means benevolence. Overall, these results suggest that Indian and American negotiators had the same construct in mind when thinking about trust. However, as predicted by Hypothesis 1, Indians ($M = 4.17$, $SD = 0.69$) were less willing to trust in negotiations than Americans ($M = 4.50$, $SD = 0.60$), $t(203) = 3.57$, $p < .001$. Gender and age had no effects on willingness to trust.

Study 1 suggested that Indian and American negotiators attach the same meaning to trust but that Indian negotiators are less willing to trust than their American peers. The results of Study 1 are consistent with our theorizing that interpersonal trust in negotiation is lower in tight than in loose cultures. Study 1 addressed negotiations in general, not a particular negotiation, and measured negotiators' beliefs, not their behaviors in negotiation. Study 2 addressed these limitations and broadened our focus to culture, trust, negotiation strategy, and outcomes.

Study 2: Culture, Trust, Reported Strategy, and Outcomes

Study 2 elaborates on Hypothesis 1 by investigating trust in a negotiation simulation. It evaluates the relationships between culture, trust, negotiation strategy, insight and joint gains, testing Hypotheses 1–7.

Method

Participants. Study 2 used executive samples, lending generalizability to our overall research program. Indian managers ($N = 56$) were participants in one of two executive programs at the same Indian business school from which Study 1's MBA sample was drawn. Across both data collections, the average age was 41.98 years ($SD = 7.96$), and the sample was 98.20% male. American managers ($N = 78$) were participants in one of four Executive MBA classes at the same U.S. business school from which Study 1's MBA sample was drawn. The average age of the American sample was 37.94 years ($SD = 5.79$), and the sample was 77.60% male. All participants reported their gender, but 21 (spread across the two cultures) declined to provide their age. As in Study 1, managers had to indicate that both their nationality and their dominant culture was American (Indian) to qualify. All data were collected in the same year.

There were more female negotiators in the American sample than the Indian sample, $\chi^2(1) = 11.60$, $p = .01$; however, no dyad in either sample consisted of two female negotiators. The Americans were also significantly younger ($M = 37.94$, $SD = 5.79$) than the Indians ($M = 41.98$, $SD = 7.96$), $t(109) = 3.08$, $p = .01$. As

in Study 1, we tested for demographic effects; however, gender and age were not significant in any of the analyses.

We randomly assigned participants to roles and dyads to minimize the chance that they knew one another. In one of the Indian samples participants did know each other before data collection, and in the other sample they did not know each other before data collection. This difference within the Indian data set provided a natural experiment to determine whether familiarity might generate trust and joint gains among Indian negotiators. It did not: There were no differences or trends in the dependent variables between the two groups of Indian managers. American dyads were constructed such that negotiators came from different classes and did not know one another.

Simulation. All managers negotiated the *Cartoon* simulation (Dispute Resolution Research Center, 2008), either representing a buyer (a television station) or a seller (a film company). They negotiated over the sale of rerun rights for a cartoon series. They had to resolve the price of the cartoon (a distributive issue) and two tradeoff issues: the number of runs (how many times each of the 100 episodes could be shown during the fixed, 5-year contract) and financing (how soon the money would be paid). Runs were more important to the buyer and financing to the seller. Negotiators could also choose whether to include a compatible issue, a second cartoon, which would provide gains to both parties if included. Finally, they could devise a contingent contract, on the basis of the buyer and seller's differing expectations of the primary show's ratings. A contingent contract, for example, would require the seller to pay the buyer a rebate if the ratings fell below a certain, agreed-upon level.

Procedures. All data collections followed the procedures outlined in Brett and Okumura (1998). *Cartoon* was participants' first negotiation exercise. Managers had no pre-course reading about deal-making negotiations. All had calculators. Managers received a standard introduction to their course and to the *Cartoon* exercise, which explained the roles of the two parties and the three negotiable issues. Neither the second cartoon nor the contingent contract was mentioned.

Managers prepared (60 min) with a same-role partner but knew that they would negotiate as a solo, not a team. Buyers were assigned to sellers such that no two buyer preparation partners negotiated with two seller partners. Negotiating time (75 min) was strictly enforced. At the end, negotiators jointly completed a results sheet. They then individually completed a post-negotiation questionnaire, after which they received a standard debrief. The questionnaire response rate was high and comparable across cultures: overall, 90.15%.

Data and analysis. The independent variable, culture, was measured with the same questions as in Study 1. In this study, American culture was coded as 1, and Indian culture was coded as 2.

Appendix B contains the questions in the post-negotiation questionnaire. We measured trust that existed before negotiation (four questions; $\alpha = .86$). We also measured negotiation strategy. To develop these questions, we searched the literature on negotiation strategies (e.g., Kimmel et al., 1980; Pruitt, 1981; Pruitt & Lewis,

⁴ A small number of participants elected not to answer one or more of these questions, accounting for the differing degrees of freedom.

1975; Weingart et al., 1990), ultimately constructing 12 self-report questions: six to measure Q&A and six to measure S&O. We factor analyzed the 12 questions, fitting two dimensions, which accounted for 44.42% of the common variance among the items. With varimax rotation, they fit our a priori categories of Q&A and S&O; the reliabilities of the ensuing scales were $\alpha = .78$ and $\alpha = .72$, respectively.

To measure insight, we followed Brett and Okumura (1998), asking how important price, runs, financing, and the second cartoon were to respondents and their counterparts. We constructed two measures of insight into tradeoffs. The first assessed whether negotiators correctly ascertained their counterparts' priorities (e.g., whether buyers indicated that financing was more important than runs for their seller counterparts). If negotiators assigned the counterparts' higher priority issue a higher importance rating, we coded it 1. If they assigned it an equal or lower importance rating, we coded it 0, assuming that equal and incorrect ratings both indicated an absence of insight. The second measure of insight assessed whether negotiators correctly ascertained their counterparts' priorities vis-à-vis their own (e.g., whether buyers indicated that runs were more important to themselves than to their counterparts). If negotiators gave a higher importance rating to the correct negotiator on both issues, we coded it 2; if ratings were correctly assigned for only one of the issues, we coded it 1; if ratings were incorrect for both issues, we coded it 0.

We also calculated negotiators' joint gains (see Brett, 2007, pp. 64–65), which (in *Cartoon*) indicate Pareto optimality (Raiffa, 1982), such that any other agreement would generate a loss for one or both parties. Four impasses (two Indian, two American) were included in the data set, with joint gains coded as 0. All of the significant results reported below remained significant when the impasses were excluded. We kept the impasses in the data set for comprehensiveness and report only the impasse-included results.

Most of our hypotheses were proposed at the individual level of analysis. To control for the interdependence of dyad members and the risk of Type I error associated with biased standard errors, we tested the hypotheses with multilevel modeling (i.e., MLM; Raudenbush & Bryk, 2002). The first step in MLM is to determine whether the data have a group structure. If not, it is appropriate to analyze the data using standard ordinary least squares regression. Because our groups were negotiating dyads, a group structure reflecting dyad-level differences on the dependent variables indicates the need for MLM. To test for group structure, we first ran

ICC_{1s} on each dependent variable and then compared (using a -2 log likelihood test) a series of random intercept models that allowed dyad intercepts to vary against standard regression models that fixed the intercepts.

Dyad membership explained a substantial portion of the variance in individual responses. The ICC_{1s} for trust (24.38%), Q&A (51.81%), S&O (53.27%), Insight Measure 1 (24.71%), and Insight Measure 2 (42.26%) all differed significantly from zero, indicating a dyadic structure to our data. Comparison of the random intercept models and standard regression models indicated that the former better explained the interdependent nature of the data: trust ($p = .08$), Q&A ($p < .001$), S&O ($p < .001$), Insight Measure 1 ($p = .06$), and Insight Measure 2 ($p = .001$). The p values were marginal for trust and Insight Measure 1; however, this is not unusual for small groups such as dyads (P. Bliese, personal communication, January 8, 2010). To be as conservative as possible in controlling for interdependence, we used MLM to test all hypotheses.

We ran a series of multilevel models predicting each of the variables with culture, role, and the interaction between culture and role. Predictors were entered in raw-metric form. Role and role by culture were included as controls, to ensure that none of our effects were role-specific. Neither role as a main effect (average $p = .52$) nor role by culture (average $p = .46$) was significant in any MLM analysis. Hypothesis 7 was tested at the dyadic level, because both dyad members were from the same culture, and joint gains are only defined at the dyadic level.

Results

Overall, Study 2's results provide good support for the theoretical model in Figure 1. (See Table 1 for correlations and Table 2 for all MLM analyses.) For clarity, we first present the results associated with culture, and then we turn to the relationships within the model.

Culture was a strong predictor of the variables in our model. (See rows 1–6 in Table 2.) Hypothesis 1, predicting that Indians would trust less than Americans in negotiation, was supported by the significant, negative coefficient on culture ($\beta = -.55, p = .03$). There were also, as predicted by Hypothesis 5a, cultural effects on reported use of strategy, with Americans reporting using Q&A more than Indians ($\beta = -1.22, p < .001$). Consistent with Hypothesis 5b, Indians reported using S&O more than Americans

Table 1
Study 2 Correlations (Individual Level)

Variable	1	2	3	4	5	6	7
1. Culture (United States = 1, India = 2)	1.00						
2. Trust	-.21*	1.00					
3. Reported Q&A	-.50***	.09	1.00				
4. Reported S&O	.37***	-.30**	-.30**	1.00			
5. Insight Measure 1	-.44***	.11	.20*	-.16 [†]	1.00		
6. Insight Measure 2	-.46***	.05	.26**	-.15 [†]	.73***	1.00	
7. Joint gains	-.25**	.15 [†]	.08	-.08	.30***	.36***	1.00

Note. Q&A = negotiation strategy consisting of asking questions and providing answers; S&O = negotiation strategy consisting of substantiation and offers.

[†] $p < .10$. * $p < .05$. ** $p < .01$. *** $p < .001$.

Table 2
Study 2 MLM Results (Multiple Levels)

Dependent variable	Predictors	β	SE	t	p
1. Trust	Intercept (fixed)	5.89	0.49	12.10	<.001
	Culture	-0.55	0.25	-2.19	.03
	Role	0.14	0.20	0.69	.49
2. Q&A	Intercept (fixed)	6.99	0.42	16.61	<.001
	Culture	-1.22	0.23	-5.36	<.001
	Role	-0.10	0.16	-0.66	.51
3. S&O	Intercept (fixed)	2.58	0.42	6.14	<.001
	Culture	0.83	0.23	3.54	<.001
	Role	-0.20	0.14	-1.41	.16
4. Insight Measure 1	Intercept (fixed)	1.18	0.18	6.62	<.001
	Culture	-0.44	0.09	-5.09	<.001
	Role	0.01	0.08	0.14	.89
5. Insight Measure 2	Intercept (fixed)	2.28	0.29	7.92	<.001
	Culture	-0.77	0.15	-5.09	<.001
	Role	-0.08	0.11	-0.71	.48
6. Q&A	Intercept (fixed)	5.17	0.51	10.15	<.001
	Trust	0.01	0.08	0.11	.92
	Role	-0.11	0.16	-0.68	.50
7. S&O	Intercept (fixed)	4.84	0.42	11.47	<.001
	Trust	-0.23	0.07	-3.30	.01
	Role	-0.11	0.13	-0.87	.39
8. Insight Measure 1	Intercept (fixed)	0.49	0.33	1.50	.14
	Q&A	0.05	0.04	1.26	.21
	S&O	-0.06	0.04	-1.30	.20
	Role	0.01	0.08	0.02	.98
9. Insight Measure 2	Intercept (fixed)	0.63	0.51	1.24	.22
	Q&A	0.14	0.06	2.16	.04
	S&O	-0.05	0.07	-0.69	.49
	Role	-0.08	0.12	-0.68	.50

Note. Culture: 1 = United States, 2 = India; Role: 1 = buyer, 2 = seller. MLM = multilevel modeling; Q&A = negotiation strategy consisting of asking questions and providing answers; S&O = negotiation strategy consisting of substantiation and offers.

($\beta = .83, p < .001$). Hypothesis 6, that Indian negotiators would identify the relevant tradeoffs less accurately than American negotiators, was supported by both measures of insight. Culture significantly predicted Insight Measure 1 ($\beta = -.44, p < .001$), indicating that Indians appreciated their counterparts' priorities less often than Americans. Indeed, only 31.48% of Indian negotiators correctly reported these priorities, whereas 75.38% of American negotiators did. Culture also significantly predicted the Insight Measure 2 ($\beta = -.77, p < .001$), indicating that Indian negotiators understood their relative priorities less often (correct < 1/2 of the time) compared with Americans (correct > 2/3 of the time). Finally, Hypothesis 7, predicting that Indians would negotiate lower joint gains than Americans, was supported. Indian negotiators ($M = \$3.43$ million, $SD = \$1.26$ million) achieved lower joint gains than American negotiators ($M = \$4.02$ million, $SD = \$1.18$ million), $t(63) = 1.98, p = .05$. (Note that because joint gain is a dyad-level variable, this analysis used analysis of variance.)

Turning next to the relationships within the model, separate MLM analyses predicting each interior link in the model are presented in rows 6–9 of Table 2. Although Hypothesis 4a, concerning the relationship between trust and Q&A, was not supported, Hypothesis 4b, concerning the relationship between trust and S&O, was supported by the significant, negative coefficient on trust ($\beta = -.23, p = .002$), indicating that low-trust negotiators

reported using S&O strategy more than high-trust negotiators. Hypothesis 3a, that negotiators reporting more Q&A would have better insight, was supported with Insight Measure 2 ($\beta = .14, p = .04$). Hypothesis 3b, that negotiators reporting more S&O would have less insight, was not supported with either insight measure, suggesting that S&O strategy bore little relationship to insight. Finally, supporting Hypothesis 2, the correlations in Table 2 show that both measures of insight were significantly related to joint gains (Insight 1, $r = .30, p < .001$; Insight 2, $r = .36, p < .001$).

We did not run mediation analysis in Study 2. Study 2's questionnaire data were collected post-negotiation, making it difficult to justify a test of the causal order proposed in Figure 1 (James, Mulaik, & Brett, 1982).

Discussion

Study 2 supported our model and hypotheses linking culture to trust, strategy, insight, and joint gains. As in Study 1, Indian negotiators were less willing to trust than American negotiators. Consistent with their self-reported trust, Indians reported engaging in less Q&A and more S&O than Americans. As predicted, these differences in strategy were associated with Indian negotiators' realization of fewer insights and lower joint gains than their American peers.

The results of Study 2 are consistent with our theorizing. They also show that the cultural differences in trust reported by Indian and American MBA students (Study 1) were consistent with those of experienced executives. Finally, Study 2 shows a relationship between culture, trust, and negotiation strategy. However, Study 2 could not fully establish strategy as the causal mechanism linking culture and joint gains. Study 3, which measures strategy-in-use, allows us to generalize from self-reported strategy to actual strategy.

Study 3: Culture, Strategy-In-Use, and Outcomes

Study 3 provides a stronger test of the causal implications depicted in Figure 1. It uses coded data, reflecting negotiators' strategy-in-use, to test the behavioral analogue of Hypothesis 5 (linking culture to strategy). It also provides further evidence for Hypotheses 6 (linking culture to insight) and 7 (linking culture to joint gains). Finally, it tests a new hypothesis implied by our model, indicating that strategy-in-use mediates the relationship between culture and joint gains.

Two elements of Study 3's design contribute to the strength of its causal conclusions. First, coding negotiators' behaviors circumvents the biases inherent in self-report data (Weingart, Olekalns, & Smith, 2004). Second, the causal order in Study 3 (culture to strategy-in-use to joint gains) is clear. Negotiators' cultural background necessarily precedes their strategy-in-use. Furthermore, because strategies precede and even cause negotiation outcomes (Olekalns & Smith, 2003; Weingart, Hyder, & Prietula, 1996; Weingart et al., 1990) and were measured from negotiation transcripts, strategies preceded joint gains.

Our model implies that both Q&A and S&O strategies-in-use should mediate the relationship between culture and joint gains—albeit in opposite directions. We chose this mediation because it encompassed the entire causal chain in Figure 1. Note that intermediate elements in a chain may be dropped and more distal links tested, so long as causal order is preserved (James et al., 1982). We expected American negotiators to generate higher joint gains via more Q&A and less S&O. In contrast, we expected Indian negotiators to generate lower joint gains via more S&O and less Q&A:

Hypothesis 8: Negotiation strategy-in-use will mediate the relationship between culture and joint gains.

Method

Participants. Study 3's sample came from the same populations as Study 2. However, no negotiator participated in both studies. Study 3's Indian sample contained 25 dyads selected at random from 51 dyads participating in one of several executive programs at an Indian business school. The American sample contained 25 dyads selected at random from 93 dyads participating in one of several executive MBA programs at a U.S. business school.

The average age of the Indians was 46.35 years ($SD = 6.43$), and the sample was 92.16% male. The average age of the Americans was 37.66 years ($SD = 4.82$), and the sample was 76.92% male. The American sample had more women, $\chi^2(1) = 4.55$, $p = .03$, and was younger, $t(99) = 7.68$, $p < .001$, than the Indian sample. As in Study 2, we controlled all analyses for gender and

age, and there were no female–female dyads in the data set. Because Study 3 used a dyadic level of analysis, we recorded the gender composition of the dyad as all male versus male–female. Neither gender composition nor age had any effects on the dependent variables.

Simulation and procedures. Study 3 used the same *Cartoon* simulation and procedures described in Study 2, except that all dyads consented to audio-record their negotiation. Each participant received a copy of his/her audio recording and a listening guide at the end of the course. Recordings were professionally transcribed—the Indian ones by Indian transcribers.

Coding. We coded each speaking turn (all of one party's speech until ended by the beginning of the next party's speech; Weingart et al., 2004) for whether the negotiator speaking asked a question, conveyed information, substantiated, or made an offer. The literature on negotiation coding (e.g., Weingart et al., 2004) highlighted two additional elements (process comments and other) that are commonly coded but unrelated to our hypotheses. Our coding scheme thus included six categories (see Appendix C). Each speaking turn in each transcript was allowed up to three codes. Other was only coded when none of the more substantive codes were appropriate; no code was assigned more than once per speaking turn, and all speaking turns received at least one code (e.g., Kimmel et al., 1980; Weingart et al., 2007).

We hired three undergraduate coders, blind to the hypotheses and cross-cultural nature of our data. The coders were American. Because we randomly assigned transcripts to coders, however, any implicit cultural biases that they might have had were randomly distributed across the American and Indian transcripts. During intensive, 2-month training, they independently coded over 10% of the transcripts and met five times to resolve disagreements through discussion. Throughout this period, we set aside random blocks of 451 speaking turns to assess coder reliability, reasoning that random blocks would best indicate reliability. By the end of the 2-month period, at least two of the three coders agreed on over 70% of the codes assigned to these 451 turns. Cohen's kappa for each pair of coders, not including the resolved turns, ranged from .74 to .77 and averaged .75 overall, indicating substantial reliability (Landis & Koch, 1977). At this point, coders analyzed the remaining transcripts individually, although we intermingled shared transcripts periodically and checked for ongoing reliability.

Data and analysis. The level of analysis for Study 3 was the dyad. Culture and joint gains were operationalized as in Study 2. We also operationalized a behavioral measure of insight at the dyadic level of analysis. This measure indicated whether negotiators included a contingent contract in their agreement. This outcome—though not a formal tradeoff—requires the same type of information exchange required for making tradeoffs (Brett, 2007).

To operationalize Q&A and S&O, we used the percentage of codes (all together 11,024 codes) in a given transcript that came from each category. To check the reliability of our measure, we also computed the percentage of all speaking turns (all together 10,116 turns) in a transcript that included each category. These two measures were correlated at $r > .9$ and yielded similar results. Because percentage of codes appeared in previous research (Kimmel et al., 1980), captured the complexity of negotiators' statements, and accounted for potential cultural differences in wordiness, we report that measure below. Our final measure summed the

relevant categories (e.g., Q&A = Q + A); results were identical for individual codes (e.g., Q, A).

Results

Study 3’s results support Study 2’s findings and our model in Figure 1. These results are presented in Table 3. Culture was related to strategies-in-use, and strategies-in-use was related to joint gains in Study 3. Hypothesis 5a, that Americans would use Q&A more than Indians, was supported: 54.57% (*SD* = 12.77) of American codes and 33.91% (*SD* = 11.27) of Indian codes were Q&A, $t(48) = 6.07, p < .001$. Hypothesis 5b, that Indians would use S&O more than Americans, was also supported: 59.39% (*SD* = 11.72) of Indian codes and 34.70% (10.94) of American codes were S&O, $t(48) = 7.70, p < .001$.

Hypothesis 7, predicting that Indians would negotiate lower joint gains ($M = \$3.29$ million, $SD = \$0.76$ million) than Americans ($M = \$4.22$ million, $SD = \$0.85$ million), $t(48) = 4.09, p < .001$, was supported in Study 3. In addition, although none of the Indian dyads capitalized on buyers’ and sellers’ differing expectations by creating a contingent contract (our behavioral index of insight), 16% of the American dyads did so, $\chi^2(1) = 4.35, p = .04$. Whether through mutually beneficial tradeoffs or contingent contracts, American negotiators appeared to not only identify opportunities but act upon them more often than Indian negotiators.

Hypothesis 8 predicted that strategy-in-use would mediate the relationship between culture and joint gains. The correlations (see Table 3) and regressions provided initial support: Both of the strategies, as well as their underlying behaviors, were related to culture and joint gains. Examining Q&A first, both culture and Q&A were significant predictors of joint gains; when both were included as predictors, culture became nonsignificant, suggesting full mediation. A bootstrap analysis (Shrout & Bolger, 2002) supported mediation of the culture–joint gains relationship by Q&A: The 95% CI [−892,396, −61,678] did not include zero, demonstrating mediation. Examining S&O, both culture and S&O were significant predictors of joint gains; when both were included in the regression, culture again became nonsignificant, suggesting full mediation. A second bootstrap analysis produced a 95% CI [−1,167,715, −162,929], demonstrating mediation (see Figure 2). Overall, both Q&A and S&O independently mediated the relationship between culture and joint gains. Q&A mediated by facilitating

joint gains (especially for American negotiators), and S&O mediated by undermining joint gains (especially for Indian negotiators).

Discussion

Study 3 illustrated that negotiation strategy accounts for cultural differences in joint gains. Indian negotiators’ dominant use of S&O, and less frequent use of Q&A, undermined their joint gains—consistent with Study 2. By comparison, American negotiators used Q&A frequently, used S&O infrequently, and generated higher joint gains—also consistent with Study 2. Finally, American negotiators used information to leverage differing expectations, via contingent contracts, more than Indian negotiators.

General Discussion

Three studies documented cultural differences between Indians and Americans, culminating in consequences for negotiation outcomes. Relative to the American negotiators in our studies, Indian negotiators assumed little trust and used S&O strategy more and Q&A strategy less. As a result, they achieved fewer insights into their counterparts’ priorities, and they walked away with lower joint gains than the Americans. All three studies showed strong cultural effects on each endogenous element of the model: trust, strategy, insight, and joint gains. Study 3 also provided strong evidence of a causal relation between culture and joint gains. Empirically, the differences between Indian and American managers in three separate samples were far from trivial. We discuss the theoretical and applied implications of these findings in the next sections.

Implications for Theory

Our studies contribute to the culture and negotiation literatures by proposing why there are cultural differences in trust and how cultural differences in trust influence negotiation strategy. Data from three studies contrasting Indian and American negotiators generally support our theorizing.

We propose that cultural differences in trust stem, at least in part, from tight and loose cultures’ differing mechanisms for controlling people’s behavior. We rely on Yamagishi and colleagues’ research (e.g., Takahashi et al., 2008; Yamagishi et al.,

Table 3
Study 3 Correlations (Dyad Level)

Variable	1	2	3	4	5	6	7	8
1. Culture (United States = 1, India = 2)	1.00							
2. Coded questions	−.65***	1.00						
3. Coded answers	−.53***	.38**	1.00					
4. Coded Q&A (2 + 3)	−.66***	.66***	.95***	1.00				
5. Coded substantiation	.44**	−.47**	−.63***	−.68***	1.00			
6. Coded offers	.70***	−.62***	−.75***	−.82***	.26†	1.00		
7. Coded S&O (5 + 6)	.74***	−.70***	−.87***	−.95***	.68***	.88***	1.00	
8. Joint gains	−.51***	.48***	.45***	.53***	−.44**	−.48***	−.58***	1.00

Note. Q&A = negotiation strategy consisting of asking questions and providing answers; S&O = negotiation strategy consisting of substantiation and offers.
† $p < .10$. ** $p < .01$. *** $p < .001$.

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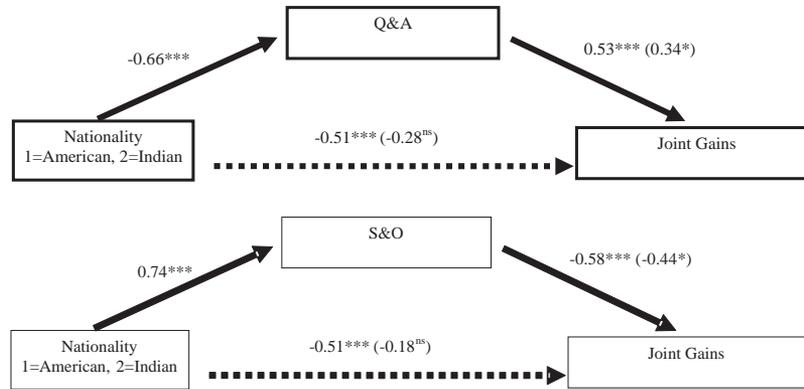


Figure 2. Study 3 mediation (coefficients are standardized). Solid arrows indicate direct effects; dashed arrows indicate mediated effects. Q&A = negotiation strategy consisting of asking questions and providing answers; S&O = negotiation strategy consisting of substantiation and offers. * $p < .05$. *** $p < .001$.

1998; Yamagishi & Yamagishi, 1994) to propose that in tight cultures, where social norms are clearly defined and tightly imposed (Pelto, 1968), the basis for trust is institutional. In contrast, we propose that in loose cultures, where social norms lack formality and deviance is tolerated, the basis for trust is interpersonal. Additionally, we suggest that negotiations, like the bargaining games that Yamagishi and colleagues studied, minimize institutional bases of trust, leaving individuals from tight cultures with little basis to predict the behavior of others.

Our data generally support these propositions. In our negotiation studies, trust was significantly lower in India—a tight culture according to research by Gelfand et al. (2010, 2006)—than in the United States, a loose culture. Furthermore, Indian and American managers, despite different propensities to trust in negotiations, nevertheless defined trust similarly. On the basis of these findings, we predict that in India or other tight cultures, behavior indicative of trust should primarily emerge in situations governed by strong institutions. An Indian example might be negotiations over a marriage contract, which involve protracted and highly ritualized interactions between two families, over issues from gifts to guests (Banerjee et al., 2010).

We propose that cultural differences in negotiation strategy are, at least in part, due to the demands that trust places on negotiation strategy. We argue that Q&A requires trust because of uncertainty about whether the counterparty will use information gaps or revealed information for personal or mutual benefit. In contrast, S&O does not require trust, because there is little uncertainty about what the counterparty will do with the underlying information. Negotiators assume that both substantiation and offers are exaggerated (Brett, 2007) and so cannot be readily exploited for personal benefit.

Our data generally support these propositions. There were significant cultural differences in both reports (Study 2) and use (Study 3) of strategy. Indian managers used S&O strategy more than American managers; American managers used Q&A strategy more than Indian managers. Use of S&O was also significantly and negatively related to trust, suggesting that cultural differences in S&O serve as a cautious defense more than an ambitious offense. However, trust and Q&A had only a weak and nonsignificant relationship in Study 2. This result is not inconsistent with the

limited literature on trust and Q&A (Butler, 1999; Kimmel et al., 1980), and it suggests that the relationship between trust and Q&A is complex and moderated.

Applied Implications

Culture's strong effect on each element of our model implies that cultural differences may play a pivotal role in global negotiations. The trust differences between Indian and American managers participating in our studies match overriding cultural differences, as reported in the World Values Survey (Delhey & Newton, 2005). This suggests that our results reflect values and beliefs deeply embedded in Indian and American cultures. Furthermore, given the proposed tightness–looseness of Indian and American cultures, it seems likely that these beliefs and values are functional within each culture and resistant to change. Nevertheless, our results highlight the importance, for Indian and American managers and their counterparts, of understanding negotiators' cultural orientation toward trust.

Our results also suggest that negotiators should extend their understanding about self and counterpart to negotiation strategy. Indian negotiators in our studies primarily relied on S&O, and American negotiators primarily relied on Q&A. S&O strategy produced lower joint gains for Indian negotiators than Q&A strategy did for American negotiators. Nevertheless, Americans using Q&A still left substantial absolute value on the table. Indeed, the Study 3 correlations tell an even more nuanced story about strategy and joint gains: Managers from both cultures negotiated higher joint gains when they used Q&A and lower joint gains when they relied on S&O. The significant mediation analysis in Study 3 suggests that strategy, not culture, ultimately provides the proximal explanation for variable joint gains. Cultural differences in negotiation outcomes arise from strategies, born in part of cultural predispositions toward trust in negotiations.

Just as our results do not imply that Indian or other negotiators from tight cultures cannot negotiate joint gains, they also do not imply that such negotiators from tight cultures will impasse more often than those from loose cultures. Indeed, our studies featured few impasses. The few impasses that occurred were equally spread across the two cultures.

Additionally, our results should be interpreted in light of the tremendous economic success that India has enjoyed since economic liberalization. The Indian success story, driven by a host of economic and cultural considerations, is beyond dispute. We see our results as highlighting an important factor—the ability to negotiate joint gains—that may facilitate the future economic development of Indian enterprise. In short, Indian organizations will benefit from creating joint gains. Q&A is clearly one method that some Indian negotiators already use; they may have others, such as reliance on family connections. Further research on negotiation strategies that prove effective in emerging economies like India is warranted.

At the same time, we should address the implications of our research for the dramatic economic difficulties that the United States has suffered recently. Indeed, political rhetoric would suggest that some actors' inattention to joint gains contributed directly to the economic problems. Nevertheless, we see our results as suggesting that Americans have the "raw materials" to recover. Our evidence that Q&A comes naturally for Americans fuels optimism that American negotiators will once again find ways to prosper, by negotiating for joint gains. Why some American negotiators rely on the S&O strategy is another topic in need of research. At this juncture, we can only speculate that American negotiators' reliance on S&O may be a product of organizational norms trumping cultural norms, which Gelfand et al. (2006) have indicated is possible.

In sum, our results imply that negotiators, regardless of culture, succeed when they adopt strategies that facilitate the insight necessary to negotiate joint gains, and that interpersonal trust goes a long way toward explaining the adoption of such strategies. The practical question that arises is how negotiators tending toward low trust, which may include Indians and others from tight cultures, can avoid leaving joint gains on the table. We suggest several interventions that may help negotiators who bring a cultural or even personal propensity for low interpersonal trust into negotiations to achieve joint gains. Even negotiators with a propensity to trust may find these prescriptions useful when negotiating with low-trust counterparts.

First, it may be possible to train negotiators to signal their own trustworthiness and to analyze whether their counterparts are reciprocating. Second, researchers might capitalize on low-trust negotiators' preference for offer-making and train them to "read" offer patterns, glean insight into the counterparts' priorities; several authors have suggested that such "reading" is possible (Adair & Brett, 2005; Adair et al., 2007; Brett, 2007). Finally, researchers might encourage low-trust negotiators to rely more heavily on multiple-issue (as opposed to single-issue) offers, which build upon the preference for S&O but also signal a negotiator's own priorities (Brett, 2007; Medvec & Galinsky, 2005).

Opportunities for Future Research

Our studies identify several opportunities for future research. Of high priority is testing the propositions inherent in the techniques mentioned above. This approach could not only advance theoretical knowledge about culture and trust but could help low-trust negotiators realize higher joint gains. Also of theoretical interest are studies that test for other effects of tight and loose culture on negotiation. For example, because cultural tightness–looseness is believed to influence individuals' felt accountability (Gelfand et al., 2006), it may carry implications for negotiations involving

agents or teams. Cultural tightness–looseness may also shape decision-making and problem-solving styles, which, in turn, may impact negotiations. For example, individuals from tight cultures may prefer the *adaptor style* of problem solving (Gelfand et al., 2006), generating solutions via the cautious, reliable, efficient, and disciplined application of established procedures (Kirton, 1976; Kirton & Bailey, 1991). In contrast, individuals from loose cultures may prefer the *innovator style* (Gelfand et al., 2006), challenging established rules and procedures, ignoring the constraints associated with prevailing paradigms, and deriving ideas from outside the system (Kirton & Bailey, 1991). These differences may impact the creativity of outcomes in negotiations more open-ended than the *Cartoon* simulation described here.

Study Strengths and Limitations

Our three studies have several methodological and analytical strengths. These strengths support generalizability and strong inference. The studies featured three data sets—all of which drew independent samples from similar populations. Demographics (e.g., gender, age) bore little relationship to negotiators' trust, strategy, and outcomes, but culture strongly influenced outcomes and all intervening variables in our model. The consistency of our findings across three relatively diverse samples of Indian and American negotiators increases confidence in the generalizability of our results to managers negotiating business agreements in these two cultures.

At the same time, we recognize that our findings highlight central tendencies in a subset of the cultures under investigation. Certainly, our samples from pools of well-educated and experienced managers do not reflect the full populations of either country. Furthermore, even when central tendencies reflect large and significant mean differences, there are always outliers whose experience and worldview allow them to transcend cultural tendencies (Brett, 2007). Nevertheless, the existence of large and significant differences, especially in Study 3's negotiation strategies-in-use, endows the findings with credibility.

Additionally, our studies used a variety of methods and measures—survey and simulation, self-report and coded strategy—to measure key variables: beliefs, behaviors, and outcomes. Regardless of method or measure, the data support the same causal chain from culture, to trust, to negotiation strategy, to insight, to joint gains. Although no single study addressed all links in the causal chain simultaneously, each addressed an overlapping portion of the model. In particular, the similarity of the methods of Studies 2 and 3 allowed us to triangulate upon the relationship between culture, trust, strategy, insight, and joint gains.

Our studies allowed us to draw some reasonably strong inferences about the causality of culture in dictating trust and negotiation strategy—and the causality of strategy in dictating insights and joint gains. Because culture was antecedent to all of our measures, we were able to identify trust as a culture-relevant predictor of strategy, and strategy as a trust-relevant predictor of insight and joint gains. Bootstrapped mediation analyses support the causal inferences proposed by our model. Finally, the consistency of the strategy-outcome results across Study 2's self-report and Study 3's behavioral data demonstrates substantial validity.

The intracultural, comparative nature of our studies limited us from making generalizations to intercultural negotiations. Because prior research has documented the poor fit between negotiation strategies

typical of low and high context communication cultures⁵ (Adair & Brett, 2005; Brett, Shapiro, & Lytle, 1998), we suggest that intercultural negotiations also may prove challenging for negotiators from tight and loose cultures. In the latter case, this difficulty may derive from the divergent implications of cultural tightness and looseness for trust. However, this proposition is clearly open to empirical test.

Conclusion

The three studies reported in this article deepen our understanding of culture's impact on negotiation outcomes, via trust and strategy. With these studies, we provide causal evidence that culture promotes more or less trust, with material and substantial consequences for negotiation.

⁵ In low context cultures, which tend to be Western, individuals convey information directly and explicitly, and interpreting the meaning of the message does not require knowing the "context" surrounding it. In contrast, in high context cultures, which tend to be East Asian, individuals convey information indirectly and implicitly, and interpreting the meaning of the message requires understanding of the context in which it is embedded (Hall, 1976).

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(Appendices follow)

Appendix A

Study 1 Trust Definition Questions

What trust means (1 = *not at all*, 7 = *very much so*)

To what extent does trusting the other party in negotiations mean:

[Ability] Believing the other party has the ability to reach agreement with you

[Benevolence] Believing the other party is concerned about your interests

[Integrity] Believing the other party has integrity

Appendix B

Study 2 Post-Negotiation Questionnaire

Trust questions (1 = *very much agree*, 2 = *moderately agree*, 3 = *slightly agree*, 4 = *neither*, 5 = *slightly disagree*, 6 = *moderately disagree*, 7 = *very much disagree*)

At the BEGINNING of the Cartoon negotiation: I trusted the other party	At the END of the Cartoon negotiation: I trusted the other party more than at the beginning
At the BEGINNING of the Cartoon negotiation: The other party trusted me	At the END of the Cartoon negotiation: The other party trusted me more than at the beginning
At the BEGINNING of the Cartoon negotiation: I distrusted the other party	At the END of the Cartoon negotiation: I distrusted the other party more than at the beginning
At the BEGINNING of the Cartoon negotiation: The other party distrusted me	At the END of the Cartoon negotiation: The other party distrusted me more than at the beginning

Behavioral questions (1 = *very much agree*, 2 = *moderately agree*, 3 = *slightly agree*, 4 = *neither*, 5 = *slightly disagree*, 6 = *moderately disagree*, 7 = *very much disagree*)

[Q&A] We discussed industry standards to see if we could find an agreement based on standards	[S&O] The other party used information I provided against me
[Q&A] We discussed our common interests	[S&O] I used information provided by the other party against him/her
[Q&A] I asked the other party what their needs were	[S&O] I exaggerated my positions on the issues
[Q&A] I asked ask the other party what their priorities were	[S&O] The other party exaggerated his/her positions on the issues
[Q&A] I told the other party about my needs in the negotiation	[S&O] I lied about my alternative if we failed to reach an agreement
[Q&A] I paraphrased my understanding of their needs and priorities	[S&O] I engaged in flattery

Tradeoff questions (1 = *not at all*, 2 = *slightly*, 3 = *moderately*, 4 = *much*, 5 = *very much*)

How important to YOU were the following issues: Licensing fee?	How important to THE OTHER PERSON were the following issues: Licensing fee?
How important to YOU were the following issues: Runs?	How important to THE OTHER PERSON were the following issues: Runs?
How important to YOU were the following issues: Financing?	How important to THE OTHER PERSON were the following issues: Financing?
How important to YOU were the following issues: Strums?	How important to THE OTHER PERSON were the following issues: Strums?

Note. Q&A = negotiation strategy consisting of asking questions and providing answers; S&O = negotiation strategy consisting of substantiation and offers.

(Appendices continue)

Appendix C

Study 3 Code

Category	Definition
Questions	Asking questions about needs, priorities, preferences, interests, or tradeoffs; asking other questions about the simulation; asking clarifying questions; paraphrasing the other party's statements (implied question)
Answers	Giving information about needs, priorities, preferences, interests, or tradeoffs; giving other information about the simulation; making short affirmations or negations in response to anything but an offer
Substantiation	Attempts at cognitive influence (appeals to rationality, logic, data from the case, interests); normative influence (appeals to reciprocity, fairness, consistency, morality, norms); emotional influence (threats, statements about alternatives, questions about alternatives, sympathy, apologies, flattery, bragging)
Offers	Single-issue offers; multi-issue offers; making short affirmations or negations in response to an offer
Process comments	Statements about the negotiation process; questions about the negotiation process; "schmoozing"
Other	Uncodable or anything else

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