

International Business Negotiation in a Globalizing World: Reflections on the Contributions and Future of a (Sub) Field

STEPHEN E. WEISS*

*Schulich School of Business, York University, 4700 Keele Street, Toronto, Ontario M3J 1P3
Canada (Email: sweiss@schulich.yorku.ca)*

Abstract. Research on international business negotiation has been underway for 35 years. It has developed within two major paradigms: the macro-strategic, which focuses on organizational wholes, and the micro-behavioral, which focuses on individuals. The former further divides into business-government relations and interfirm relationship streams, while the latter branches into comparative and intercultural studies. While this article summarizes these bodies of literature, its main purpose is to offer a critique of this research, consider its contribution to practice and to the field of international negotiation, and stimulate ideas for future research.

Keywords: international business, negotiation, international relations, culture

In early 2006, Luxembourg-based steelmaker Arcelor, which had successfully lured Canada's Dofasco away from Germany's ThyssenKrupp the previous year, became itself the acquisition target of Mittal Steel, an Indian-controlled firm headquartered in the Netherlands. During the same period, U.S.-owned Boeing sold 27 787-Dreamliners to Air India and finalized a supply contract with Japan's Toray for the carbon fiber needed to produce the aircraft. In China, Google Inc. (U.S.) negotiated with government authorities over regulatory conditions for operation of their Internet search engine.

These are but a few examples of the millions of international business (IB) negotiations that occurred during early 2006. These were the headline-grabbers, but less prominent actors also negotiated across borders. All told, the amount of IB negotiation worldwide seems to have exploded in recent years and shows no signs of abating. That is ample reason to ask what we know about such negotiation.

Instead of only enumerating what we have learned so far, we could consider how much of the phenomenon we now understand. Can we predict even half

* Steve Weiss is an associate professor of policy and international business at the Schulich School of Business at York University (Toronto). In 2006, he received the university-wide award for teaching in graduate programs. He has delivered negotiation programs to business, government and education groups in 10 countries.

of the twists and turns of the process or the terms of final outcomes? For that matter, what, besides the obvious cases above, actually qualifies as IB negotiation? Is international merger & acquisition (M&A) negotiation more similar to international sales negotiation than it is to domestic M&A negotiation? And if IB negotiation is viewed as a subfield of international negotiation – the subject of this journal – how can the subfield significantly advance the field? Then again, given developments in the world economy, have the nature and course of IB negotiation changed so much that findings of studies from different decades cannot simply be pooled? Such questions have been answered only partially in literature to date or not addressed at all. Within the space of this article, I cannot cover all of these questions fully either, but I trust that offering some thoughts and asking provocative questions, as the editor has asked, will be of some value.

This article is organized in five major sections. After defining IB negotiation and its changing context, the text summarizes research within two major paradigms: the macro-strategic, and micro-behavioral. My goal is not to provide a comprehensive review (for that, see Weiss 2004). Subsequent sections consider contributions to international negotiation research, contributions to practice, and future research. A young field – far younger than international business or international relations, let alone political science or economics – IB negotiation has made a lot of progress, as we will see, but there is much yet to do.

The Phenomenon

To be able to identify examples of IB negotiation in the headlines and elsewhere, we need a good, operational definition. One of the few previously published definitions states that international business (IB) negotiation is the deliberate interaction of two or more parties (at least one of them a business entity), originating from different nations, who are attempting to define or redefine the terms of their interdependence in a business matter (Weiss 1993:270). Notice the emphasis on the type of actor and subject of negotiation. This understanding includes negotiations between multinational enterprises (MNEs) and host governments over foreign direct investment. At the same time, it differs from – in fact, subsumes – much “cross-cultural negotiation,” a term that is, confusingly, often treated as a synonym in research as well as practitioner works.

Today’s negotiations are not always easily classified, however, even by this definition. Consider the talks in 2006 between representatives of four kidnapped foreign oil workers and their Nigerian captors. Is that IB negotiation?

What about negotiations held in the U.S. between the U.S. subsidiaries of a Japanese-owned automaker and a Japanese-owned parts supplier? According to the definition above, the first case qualifies (the business matter being operations or employee safety) but the second does not (both parties originate from the same nation, be it Japan or the U.S.). Because of the various criteria possible, determination of origin or nationality is often complicated.¹

For this article, let us set aside “different national origins” and construe “international” to mean involvement of at least two national contexts, whether that occurs via the parties’ affiliations or the business matter. This allows us to include the Japanese example above. In addition, bear in mind that a party may be an individual, not necessarily an organization or group. In early 2006, for example, one individual – Saudi Prince Alwaleed – spearheaded the \$5 billion purchase of Canadian-owned Fairmont Hotels & Resorts Inc. All in all, individuals and teams representing companies large and small, and individuals in business for themselves, negotiate with diverse counterparts – investors, employees, suppliers, customers, public officials, interest groups and others – in a wide variety of cross-border situations.

The Changing Context

Over the last three decades, since the beginning of dedicated research on IB negotiation, the broad context – world context – for such negotiation has changed markedly. Just think of the political, economic, social and technological developments, and ubiquitous references today to “globalization.” These developments bear mention here, if only briefly, for they have influenced the nature and scope of IB negotiation (as illustrated above) and should shape our understanding and interpretation of research.

The number of countries – economic arenas for business actors – has increased by over 50%, from 124 (1970) to 191 (2003), based on United Nations membership. At the same time, notwithstanding this fragmentation, most countries have expanded their international economic ties both regionally and globally. The U.S., Canada and Mexico established the North American Free Trade Agreement (effective 1994), and 12 countries formed the European Union (effective 1993) and subsequently added 13 members (as of 2004). Signatories to the 1947 General Agreement on Tariffs and Trade have undertaken three rounds of multi-year talks (Tokyo, 1973–79; Uruguay, 1986–94; Doha, 2001-ongoing) and created, in 1994, a World Trade Organization that today comprises 139 member countries.

Since 1970, the combined Gross Domestic Product (GDP) of countries worldwide has multiplied 12-fold to US\$55.7 trillion (purchasing power parity in 2004).² While five economies – Britain, France, Germany, Japan and the U.S. – accounted for 60% of the total in 1980, they represented only 40% in 2004. Other economies, from the Asian Tigers to emerging “BRIC” markets (Brazil, Russia, India, China), have also demonstrated their dynamism. Remarkably, international trade has grown nearly twice as fast as World GDP since 1970, and foreign direct investment (FDI) has grown even faster (Hill 2002:8–9, 15–16).

MNEs have played major roles in generating and shaping this activity. In 2002, General Electric alone operated in over 100 countries and touted a transnationality index (foreign to total assets, sales, and employees) of 84% (UNCTAD 2004:6). Wal-Mart, the world’s largest if not most transnational MNE, generated \$288 billion in sales in 2004. Only 16 nations had larger GDPs, and Wal-Mart’s 1.6 million employees could be compared to Israel’s entire labor force of 2.4 million.

Meanwhile, individuals worldwide have gained far-reaching capabilities in gathering information, connecting, and communicating. Out of a world population of 6.4 billion in 2004, 3 billion had telephones (fixed or mobile). The Internet, a technology introduced to the public only a decade ago, attracted an estimated 840 users – twice the number four years earlier.³ In addition to disseminating information, it has facilitated business transactions. Over 200 million people have registered with eBay Inc., an on-line marketplace that operates in 33 countries, carries over 100 million listings, and adds 6 million new listings daily.

This is a picture of international and global dimensions. This article distinguishes between the two terms, reserving the latter strictly for coordinated activities that transcend national borders *and* occur simultaneously in many locations around the world (Eden & Lenway 2001:387). While the globalization of business has accelerated, especially in certain industries, international business can also still be viewed, as it should be, on bilateral and regional levels.⁴

Existing Research: A Synopsis

Academic research on IB negotiation may be traced back to 1970, the date of a doctoral dissertation entitled “International Business Negotiations: A Study in India” (Kapoor 1970) at New York University. That year, *Harvard Business*

Review also printed “How to Negotiate in Japan” (Van Zandt 1970). Thus initial interest in the subject came from IB scholars and practitioners who saw it as a way to understand better how to further business objectives.

Scholarly interest intensified during the 1980s and gained critical mass in the mid-1990s. *International Negotiation* devoted an entire issue to IB negotiation in 1999 (Vol. 4, no. 1). By then, the field had also attracted negotiation researchers who were intent on testing the generality of intranationally developed ideas. A small group of scholars started to specialize in IB negotiation.

The resulting corpus of studies may be classified by subject matter of negotiation, number and types of parties, geographical coverage, negotiation process variables, and research method, to name just a few possibilities.⁵ Comprehensive reviews are already available in existing literature, so this section describes representative work in two previously identified paradigms for most IB negotiation research to date: the “macro-strategic” focus on interactions between organizations and aspects of bargaining power, and a separate “micro-behavioral” focus on individual negotiators and their behavior (Weiss 2004:418). In addition, this section distinctively offers for reference a listing of noteworthy journal articles throughout the 35 years, organized by decade (see the appendix), and an emphasis in the text on recent studies.

Macro-Strategic Paradigm

The macro-strategic paradigm consists of two streams of research. The first targets MNE-foreign government relations. Originally labeled the “bargaining school” and representing some of the earliest research on IB negotiation, it is now referred to as “international business-government relations.” The second, newer stream is directed at interfirm relationships.

International business-government relations

Early empirical work on this topic explored the impact of foreign MNEs’ resources on the outcomes of market entry negotiations with host governments. Typically, the data concerned U.S.-owned MNEs in Latin America or Asia. MNE resources included capital, technology, product differentiation, product diversity, and access to other markets, and negotiation outcomes were measured in terms of the percentage of subsidiary ownership obtained by the MNEs (a proxy for negotiation successfulness).

During the 1970s, the most salient concept in this paradigm was the “obsolescing bargain” (Vernon 1968). Put simply, an MNE’s bargaining power in a relationship with a foreign government deteriorates over time. The firm’s superior initial position diminishes as soon as it begins to invest and transfer

resources, whereas the host government gains leverage by various means. When its power exceeds the firm's, the government can force renegotiations and try to improve upon the original terms of their agreement.

This concept continued to orient research in subsequent years, although it has generated considerable debate. Skeptics contend that the assumption of an antagonistic relationship between business and government is outdated; since the early 1980s, they argue, governments have sought FDI. (China and Mexico, for instance, loosened their FDI regulations in 1984.) Other scholars counter that the emphases on market entry and obsolescence may have lost relevance, but the core elements of Vernon's model – parties' goals, resources, and constraints – still apply. It has been updated as the "political bargaining model" (Eden, Lenway & Schuler 2005).

Empirical studies since the early period have refined and extended that work. They include additional outcome measures such as actual ownership adjusted by firm or country preference, extent of MNE control over subsidiaries' key functions, and bargaining success over time. Researchers have also analyzed influences other than MNE resources, variables such as host government resources, host country-home country ties (Ramamurti 2001), macroeconomic conditions, and moves by pressure groups. (For an excellent collection of recent writings, see Grosse 2005.)

What has been learned about these negotiations? An obsolescing bargain has indeed occurred in some countries (Vachani 1995). MNE technology and product differentiation have had significant, positive effects on actual subsidiary ownership levels in at least three empirical studies (Fagre & Wells 1982; Kobrin 1987; Lecraw 1984; cf. Vachani 1995). So has export market access (cf. Kobrin, 1987). On the other hand, these and related factors have explained less than 50% of the variation in actual ownership (cf. Lecraw 1984), and their influence has not held up for other outcome and success measures such as firm-corrected ownership. A major lesson so far seems to be that MNE-host government relationships and negotiations have many dimensions, a number of which have yet to be systematically identified and evaluated.

Interfirm relationships

If firms in IB negotiate with governments about investment incentives and operating conditions, they negotiate with each other about financing, supplies, production, sales and distribution. These activities give rise to various relationships and agreements. For IB negotiation researchers, the relationships of most interest have been joint ventures (JVs), strategic alliances, and M&As.

Joint ventures, which entail the creation of a separate legal organization, began drawing significant research attention in IB in the early 1980s amidst

heightened media coverage (recall Beijing Jeep – one of the first Sino-foreign JVs) and growing awareness of high failure rates. This research did not highlight the role of negotiation but it did expose pertinent factors such as possible contributions of prospective parents and different organizational structures (e.g., Killing 1982) and later, partner selection criteria (Geringer 1991). By the second half of the 1980s, negotiation-specific work appeared (e.g., Weiss 1987).

The decade since the mid-1990s has seen a more concentrated effort to understand JV negotiation, especially through rich case studies. An analysis of four Sino-U.S. JVs showed, in contrast to the survey-based business-government research above, that ownership was not negotiated by the parties; management control was (Yan & Gray 1994). Moreover, bargaining power was measured by contextual as well as resource-based factors. Other case studies have explicated the key issues in JV negotiations (Faure 2000), the impact of external stakeholders on negotiations in Eastern Europe (Brouthers & Bamossy 1997), and types of explanations for agreement and no-agreement outcomes (Weiss 1997). In addition, conceptual work includes an integrated framework for JV contract negotiations (Luo 1999) and an exposition of the obsolescing *international JV* bargain (Inkpen & Beamish 1997). (For more on international JV negotiation, see Urban 1996 and the “Micro-Behavioral Paradigm” section below.)

Macro-strategic research on international alliances, which include JVs but also other forms of tie-ups (Dussauge & Garrette 1999:2–22), has tended to take up similar questions about partner resources, relationship forms, and joint performance. The impact of culture has figured prominently in a number of works, from primers on how to negotiate alliances in Japan (Kobayashi 1988) or China (Nair & Stafford 1998) to empirical studies of Mexican preferences concerning governance structures (Teegen & Doh 2002) and Renault’s cultivation of an “unlikely” alliance with Nissan (Korine, Asakawa & Gomez 2002). There are other notable works on types of conflict arising from partners’ different perceptions of their contributions (de Mattos, Sanderson & Ghauri 2002), the nature of relational quality and trust (Arino, de la Torre & Ring 2005), and determinants of reciprocity (Kashlak, Chandran & Di Benedetto 1998). (For more on alliance research, see Contractor & Lorange 2002).

Finally for interfirm relationships, scholars have analyzed cross-border M&A activity, which has produced eye-catching results like Mittal-Arcelor and grew 7-fold in world value between 1987–99 (UNCTAD 2000:10–16). As with JVs and alliances, general literature on the subject can guide the negotiation researcher. M&A literature addresses different possible motives of the parties (Chen & Hennart 2004; Trautwein 1990) and aspects of the acquisition

process such as escalating momentum and expectational ambiguity (Jemison & Sitkin 1986). With respect to negotiation research on international M&As, however, a computerized search found only three scholarly writings of note: a broad, conceptual discussion oriented to the European Union (de Beaufort & Lempereur 1996); a case study of the Telia (Sweden)-Telenor (Norway) merger talks (Fang, Fridh & Schultzberg 2004); and an interview-based analysis of the Italian acquisition of a French firm followed by guidelines for negotiators (Sebenius 1998; also Morosini 1998:190ff). Perhaps the recency of IB negotiation researchers' attention and the sensitivity of M&A deal-making explain the limited amount of published research. (For a recent collection of work on international M&As, see Buckley & Ghauri 2002.)

As a whole, the stream of research on interfirm negotiations has provided descriptions of real negotiations and insights into negotiation structure, bargaining power, and influencing conditions. Careful case studies, those based on rare access to *all* parties, have demonstrated the complexity of negotiations in IB (e.g., Brouters & Bamossy 1997; Weiss 1997) in ways not evident in the large *n* studies prevalent in business-government research. But they are few, as alliance researchers have noted (Salk 2005); the process of negotiation requires closer examination. There are no theories of interfirm negotiation in IB that address its complexity and fully explicate process and outcome.

Micro-Behavioral Paradigm

The second of the two main approaches to IB negotiation research, the micro-behavioral paradigm, is focused on individuals' behavior. In contrast to the macro-strategic paradigm, this research has typically been based on one type of business transaction: buy/sell.⁶ These studies have analyzed various facets of negotiation behavior, but the main theme – a driving force – for most of them has been national culture.

This research may be subdivided into two categories. The first contains comparative studies, that is, cross-cultural comparisons of intracultural negotiation behavior. Although such negotiation is not international *per se*, this work shares with international work an interest in understanding negotiation practices in different countries, and it constitutes the bulk of micro-behavioral research. The other body of work that we can review is strictly intercultural.

Comparative studies

In the early 1980s, Graham (1983) undertook a series of experiments with Brazilians, Japanese, and Americans that involved 1-on-1 person negotiation of a combination of three goods. (The three-goods agenda allowed for differ-

ent types of bargaining.) Graham sought to uncover differences in the three nations' intracultural behavior and to explain any variance in negotiation outcomes. He used pre- and post-negotiation questionnaires to obtain data for three sets of variables: negotiator characteristics (e.g., self-esteem, cultural background), situational constraints (e.g., buyer/seller role), and process measures (e.g., negotiator's strategy). By the mid-1990s, his research covered 15 countries and over 1000 participants, making it the most extensive collection of such studies to date.

Subsequent investigators pursued the same questions as Graham's with more conceptual and methodological sophistication. The first wave of refinement unbundled culture as a binary variable, identified constitutive values such as individualism and collectivism (Hofstede 1984), and directly tested experimental subjects' individual standings on these dimensions (Morris et al. 1998; Tinsley & Pillutla 1998). Researchers thereby related observed behavior to cultural particulars and also detected intracultural variation.

The second wave, evident since the early 2000s, has added even more to the study of culture and negotiation. Conceptual developments include negotiators' use of combinations of strategies as opposed to single styles (Tinsley 2001), interactional elements of negotiation – action-response sequences – rather than separate segments of individual behavior (Adair & Brett 2005), and previously neglected situational and environmental influences on strategic choices and behavior (Kumar & Worm 2004; Volkema & Fleury 2002). Cross-cultural researchers have also increasingly pursued negotiator cognition (Gelfand et al. 2001) and expanded geographical coverage beyond Top 20 economies. Methodologically, researchers have carried out more direct observation of negotiator behavior, albeit still in experimental settings, rather than relying on self-report questionnaires (Roemer et al. 1999); adopted culturally appropriate survey instruments instead of depending on a single, U.S.-anchored tool (Liu, Friedman & Chi 2005); and discovered new explanations by using different outcome measures for different cultural groups (Ma et al. 2002).

What has been learned from comparative research so far? In most countries, according to Graham's data, partners reciprocate a negotiator's use of a problem-solving approach – PSA (question-asking, and information-gathering about needs and preferences). Negotiator PSA does not explain much variance in negotiator profit outcomes, but combined with a few other variables, it accounts for over 50% of the variance in partner satisfaction outcomes (Graham, Mintu & Rodgers 1994). Paradoxically, PSA increases partner satisfaction in the U.S., Canada, and Germany, but decreases it in the U.K. and China. Yet these results stem from one scenario and single samples of cultures, and one could reasonably hesitate to rely solely on them.

Turning to comparative research as a whole, we can ask whether it, as intended, has: 1) produced valid descriptions of negotiator behavior in particular cultures, and 2) succeeded in predicting negotiator behavior in intercultural or international settings. Experimental studies of Japanese negotiators, a frequently targeted group, have led to some dramatic findings, but they tend to concern only a few elements of negotiation behavior and have not held up across studies. Graham (1993) reported that Japanese negotiated much more successfully as buyers than as sellers (and even labeled this the most distinctive feature of Japanese negotiation), but that did not occur in earlier and later investigations by other researchers (Harnett & Cummings, 1980; Brett & Okumura 1998:502). Similarly, some studies have described Japanese negotiation behavior as information-gathering and joint problem-solving, while others have emphasized compromise or power strategies (Brett & Okumura 1998; Gelfand et al. 2001; Tinsley 2001).⁷

Reasons for these apparent inconsistencies have begun to show up in research that is more sensitive to contextual influences. It has revealed that individualistic and collectivistic orientations, long assumed to be polar opposites, are not mutually exclusive in a culture. The same negotiator may act individualistically under certain conditions and collectivistically under other conditions (Black & Mendenhall 1993; Cho & Cho 2001; Kumar & Worm 2004:314). Recent attention to institutional factors, which are seldom represented in experiments, has also enriched understanding of negotiation behavior in different countries (Lin & Miller 2003; Xin & Pearce 1996).

Even if descriptions of intracultural negotiation behavior become consistent, studies have already cast doubt on the validity of predicting individuals' behavior in intercultural negotiation from their intracultural practices. People in many cultural groups interact differently with outsiders (Brett & Okumura 1998; Francis 1991). This finding is not invariant either, however, for people in other cultures do not alter or adapt their behavior in different cultural settings (Adler & Graham 1989; Tse, Francis & Walls 1994). Where comparative research may have the most potential to serve IB research is in elucidating the dynamics within a team of compatriots and the pressures it deals with from external, cultural sources.

Intercultural research

Finally in existing literature, one can find studies of intercultural negotiation and cultural aspects of IB negotiation. I employ the two terms to distinguish between relatively abstract negotiations, usually in experimental settings, that feature cultural factors and more fully fleshed out international negotiations, typically *in situ*. In both areas, researchers have focused on describing and understanding negotiator behavior and interaction.

Much of the early research was done by survey (e.g., Tung 1982). American researchers set out to characterize Americans' counterparts in real negotiations and pinpoint causes of American success or failure. Questionnaires included items on the business environment (e.g., labor costs) as well as specific aspects of individual behavior (e.g., bargaining style), although they were usually administered only to one side – the Americans – and tapped impressions based on respondents' aggregate experience. One of the fruits of this research is a series of studies on U.S.-Chinese negotiations that spans a 16-year period. Recent survey work features more penetrating probes of particular facets of negotiation behavior (e.g., influence tactics in Rao & Schmidt 1998), application to previously neglected countries (e.g., Saudi Arabia in Al-Ghamdi 1999), and access to all parties at the negotiating table (e.g., Lin & Miller 2003).

Experimental scientists took up intercultural negotiation much later. A turning point in business research was Brett and Okumura's (1998) analysis of American and Japanese behaviors in a negotiation experiment on syndication rights for a TV series. Subsequent examples of intercultural experiments include studies of mental models in U.S.-Chinese negotiations (Liu 2004), judgment bias in U.S.-Greek negotiations (Gelfand & Christakopoulou 1999), and virtual interaction (Kersten & Noronha 1999). Such work, which is still less plentiful than comparative work, typically involves student negotiators or managers in training. (For a recent collection of comparative and intercultural negotiation studies, see Gelfand & Brett 2004).

The third and last method for intercultural research, which has produced few but fascinating studies, is ethnography. There are at least two studies of this kind on negotiator behavior in "Western-Chinese" negotiations (Faure 2000; Miles 2003). A similar approach, augmented with surveys, has been used to investigate one effect of intercultural interaction in a JV: the creation of a "negotiated (third) culture" (Brannen & Salk 2000).

As we have done with all of the other research streams, we can ask: What has been learned here? The surveys on U.S.-Chinese negotiations offer interesting, comparable findings (e.g., Brunner & Taoka 1977, a replication by Lee & Lo 1988; Tung 1982; Stewart & Keown 1989; Rondinelli 1993). Based on American perceptions, Chinese negotiating behavior entails slow decision-making, tough bargaining (e.g., price reductions of as much as 50%), and prolongation of the process. This picture held up across 16 years of surveys. One of the few changes detected was a greater propensity to initiate international talks (Stewart & Keown 1989).

As to the keys to Americans' successfulness in these negotiations, survey results changed over time. In the early years, Americans thought knowledge of Chinese culture was crucial whereas later, they gave more weight to the

uniqueness of the U.S. company's product. In an interesting twist, at least one survey with Chinese respondents has indicated that Americans may have been unaware of other success factors, such as "constituent shadows" and face saving (Shi 2001; Shi & Wright 2001).

Experimental intercultural studies have demonstrated that U.S. and Japanese negotiators realize fewer joint gains with each other than when they negotiate intraculturally (Brett & Okumura 1998). They appear to develop less understanding of counterparts' priorities in the former than in the latter. They reciprocate offers at a much lower rate than intracultural negotiators do (Adair & Brett 2005). We have also learned that the degree to which intercultural negotiators change their mental models of negotiation, as they negotiate, has a significant, positive effect on joint gains (Liu 2004). Intercultural work is essential to IB negotiation research, but it is only in the early stages of its development.

A Critique of Existing Research

Not long ago, Reynolds, Simintiras and Vlachou (2003) assessed over 100 peer-reviewed journal articles on IB negotiation published between 1990 and 2000. The three researchers considered the articles with respect to five topics: environmental and organizational conditions, cultural factors, negotiator characteristics, negotiation-related factors, and negotiation outcomes. They found the articles to be "less than decisive" contributions to existing conceptual models and concluded (p. 249):

The [topics] . . . pertaining to IB negotiations are highly complex with various interrelationships between variables, and unless a dominant paradigm emerges [i.e., an "all-encompassing model of IB negotiations"], the likelihood of major advances is rather slim.

Their concern about an all-encompassing model was well-taken.

Our synopsis of existing research also reveals fragmentation and atomistic treatment. The macro-strategic and micro-behavioral paradigms focus on different units of analysis and aspects of negotiation. Even within each paradigm, there are disparate streams of research. The amount of work that attempts to combine the two approaches or develop multi-level analysis is, while growing, still rather limited (chronologically, de la Torre 1981; Weiss 1993; McCall 1996; Tinsley, Curham & Kwok 1999; Shi 2001; Arino, de la Torre & Ring 2005).

There are models of IB negotiation in the literature, even rather encompassing ones (for a review, see Weiss 2004:424ff), but none, as noted above,

has gained general acceptance. Their low status seems more a matter of insufficient empirical scrutiny to date than an assessment of their quality. In any event, without such a model, one is hard pressed to answer questions raised at the outset of this article, such as how much of IB negotiation processes and outcomes are understood and whether the nature of the phenomenon has changed over the last 35 years.

A number of other concerns may be identified in the "what" and "how" of IB negotiation research to date. They include the number and types of countries/national cultures selected, a focus on bilateral negotiations, the treatment of organizational parties as monolithic wholes and of individuals as solitary principal negotiators, and the external validity of experimental studies.

Many of the countries in these studies have been chosen for reasons of convenience or ease of access to data. For Graham, another criterion was prominence as a major trading partner of the U.S. An alternative for statistical purposes would be the expected degree of difference (whatever the dimension) in order to maximize the range of variation. Also, in order to build knowledge bases with confidence, researchers could select common country targets. As it stands, there is too little geographical overlap in macro-strategic and micro-behavioral studies.

Research in both paradigms has concentrated almost exclusively on bilateral negotiations (cf. Money 1998). Yet global business, by definition, has led to multilateral or linked bilateral negotiations such as the Dofasco-Arcelor-Mittal deal mentioned above and the "locational tournaments" that take place when automakers plan a new assembly plant. These and many other IB negotiations involve talks on multiple levels: A company negotiates with national, state/provincial and municipal governments. Existing research has largely set the latter arenas aside.

In a related vein, both paradigms have treated parties narrowly, and while there are analytical benefits to abstraction, they may be offset by doubts about the applicability of findings to real negotiation processes and outcomes. Macro-strategic analyses have treated both companies and national governments as units (cf. Encarnation & Wells 1985), ignoring internal divisions and activities that complicate "action" by the unit. Micro-behavioral research contains a bias as well, especially in the largely U.S.-sponsored studies reviewed above. Their bilateral negotiation designs consistently put individuals in the role of principals. We have not learned much about the behavior of individuals as representatives or as team members in IB negotiations.

Lastly, concern about external validity, a criticism perhaps raised too readily in social science generally, has two clear sources with respect to micro-behavioral research on IB negotiation. The first has to do with generalizability across experiments or surveys, for there are few replication studies in the

literature (U.S.-Chinese negotiation surveys are an exception). Until researchers repeat their experiments with different subjects from the same country/cultural group, using the same negotiation scenario, or try other researchers' scenarios, we ought to view their findings with some reservation. The second source has to do with real IB negotiations, which, relative to many other types of negotiation, tend to be complex. So many experimental designs have pared down the agenda, richness of context, and number of actors that one could well question whether resulting negotiation proceedings and outcomes can be used to inform our understanding of real IB negotiations (see Eliashberg, Lilien & Kim 1995).

Contributions to International Negotiation Research

If international negotiation – the domain of this journal – denotes “negotiations between governments or private entities (the latter including corporations and nonprofit organizations) involving persons of different nationalities” (Kaufmann 1989:8), then IB negotiation certainly fits within it. How does research on IB negotiation contribute to research on international negotiation? Does IB research amount to stand-alone work on a subset of actors within the field, or can it stimulate, support, and be integrated with work in other subfields?

The most established subfield, often equated with the field at large, is international political or diplomatic negotiation – negotiation typically between national governments.⁸ They negotiate with each other over matters ranging from security to scientific exchange, but they also negotiate with other, non-governmental parties. As with IB negotiation, the boundaries of this subfield are not entirely clear. For the limited purposes of this section, that is, to provide a basis for comparison and to consider the added value of IB research, let us view relevant political research as work on negotiation that has appeared in international relations (IR) journals.

Specifically, we can refer to a systematic collection of IR articles published since 1976, a year notable for the release of Zartman's *The 50% Solution* and a reprint of Ikle's classic, *How Nations Negotiate*. The articles appeared in four journals: *International Studies Quarterly*, *World Politics*, *International Organization* and a non-U.S. source, *European Journal of Political Research*. (*International Negotiation* is not included, as it began later, in 1996.) There are two subsets of the collection (Weiss 2000). The first, which covers 1976–1993, consists of 90 doubly screened and rigorously content analyzed articles. The second subset, covering 1994–2005, consists of 64 articles identified by title key words but not further screened for relevance or content analyzed.

The Nature of IR Research

The content analyzed IR articles (1976–93) concentrate mostly on negotiations involving security issues (33%) and then on trade (19%) and general political issues. A handful of articles cover investment (FDI) negotiations (6%), and there are none at all on joint ventures or understandably, sales. Over 80% of the articles address only government parties while 7% address companies as well as governments. The organizational level of analysis prevails (60%), compared to a mere 7% of articles on individuals and 30% that incorporate multiple levels. With respect to geographical scope, the largest portion of the 90 articles (33%) does not focus on a particular country. The country most attended, however, is the former Soviet Union.

In this work, a number of researchers have delved into elaborate explanations for negotiation outcomes (e.g., Friedheim & Durch 1977; Inoguchi & Miyatake 1979; Odell 1980). Other major points of interest, in terms of negotiation concepts, are agenda-setting/issue linkage (e.g., Bennett & Sharpe 1979), bargaining power, and two-level (internal-external) games (Schoppa 1993). Almost half (46%) of the articles have been case studies. Data has been sourced most frequently from public literature, then from documents/archives, surveys and, in merely 1 of the 90 articles, experiments. (The order in IB research is just the reverse.)

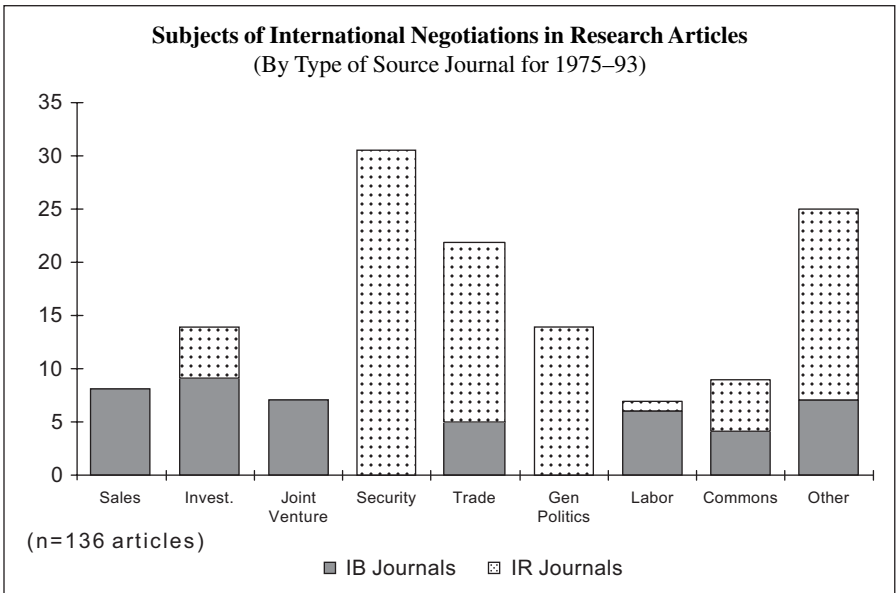
The other subset of IR articles (1994–2004) appears from preliminary review to both extend previous work and branch out in new directions. Extensions include articles on company-government negotiations over FDI (Bartlett & Seleny 1998), bargaining power (Meunier 2000), game theoretic perspectives (Zagare & Kilgour 2003), and cooperation theory, including enforcement effects (Fearon 1998). New work ventures into cognition and knowledge structures (Bonham, Sergeev & Parshin 1997), language use (Duffy, Frederking & Tucker 1998), impatience (Blaydes 2004), ripeness (Forde 2004), effects of transparency (Stasavage 2004), and clustered negotiations (Pahre 2001).

Added Value from IB

Now, then, what does IB research add to IR research and more importantly, to international negotiation as a whole?

For starters, IB research fills gaps in knowledge about the process and outcomes of negotiations that are clearly within the purview of IR. These include negotiations involving subjects such as investment (FDI) and JVs (those in which governments participate). (To compare coverage of negotiation subjects by IB and IR, see Figure 1.) In addition, IB provides knowledge about

Figure 1



behavior at an individual level, including negotiators from countries and cultures not studied in IR. While early IR research concentrated on the Soviet Union, for instance, IB focused on Japan.

On a conceptual front, IB offers extensions and elaboration of ideas already in IR literature as well as new concepts. Examples include a longitudinal rather than point-in-time perspective of bargaining power (from the obsolescing bargain) and the variety possible in parties' resources (from the macro-strategic paradigm). New or unusual concepts include the "problem-solving approach" in negotiator behavior and cultural values such as uncertainty avoidance. Some of these concepts may be imported "as is;" others require adaptation.

IB research also offers methodological innovation and data for analysis. IB researchers appear to have more experience with experimental designs and are developing analytic techniques applicable to negotiations in IR (e.g., coding systems in Adair & Brett 2005). For countries that both subfields have explored (e.g., China), data from IB on negotiator behavior may be used by IR researchers to test the robustness of their findings. Imagine the possibilities in being able to combine and compare experimental data on individual behavior with information from archives and memoirs (e.g., Dobrynin 1995).

On an entirely different level, IB research presents IR with a contrasting, business perspective on the very purpose and nature of negotiation: activity

undertaken for economic gain. This point of view serves IR in at least two ways. First, it informs analysis of the interests and behavior of governments' counterparts in company-government negotiations (an area where the two subfields clearly overlap). These negotiations are no longer limited to investment issues. MNEs are becoming more active in public policy (see Kobrin 2005; Saner, Yiu & Sondergaard 2000 on business diplomacy), and states are engaging with business not only as regulators, but as customers, competitors, and partners (e.g., public-private partnerships). Second, by occasionally taking an IB perspective – viewing negotiations from a different worldview, IR researchers may detect otherwise neglected factors and gain new insights. This applies not only to company-government negotiations, but to other “mixed negotiations” (those between dissimilar parties – parties with different *raison d'Atre*, intergovernmental negotiations, and international negotiations generally. (See Doh & Teegen 2002 and *International Negotiation* issues on NGOs (1999) and international economic negotiations (2000).)

Finally, beyond the contributions to IR research, IB's contributions to international negotiation as a field deserve mention. The obvious one is a body of knowledge on a subset of international negotiations (recall Figure 1). But there is more. When juxtaposed with IR, IB research enables us to see commonalities in negotiation structures, conditions, processes, behavior, and outcomes – in short, the commonalities that characterize *international* negotiation.⁹ They allow us to distinguish processes and outcomes in international negotiation from those in other negotiations and to proceed to build this field.

Contributions to Practice

Since its beginnings, research on IB negotiation, like research on other negotiations, has been motivated partly by the desire to improve negotiators' capabilities and achievements. Zartman's (1976) *The 50% Solution*, if primarily an IR work, was subtitled “*How to Bargain Successfully with Hijackers, Strikers, Bosses, Oil Magnates, Arabs, Russians and Other Worthy Opponents in This Modern World.*” (Note the prescience with respect to counterparts.) After three decades, one can legitimately ask whether IB research has improved practice. Or, given the expansiveness of that question, one might just as appropriately ask whether IB research assists a team or individual in a particular negotiation.

I faced the second question directly when a student approached me for advice concerning a complicated, high stakes negotiation. Her father had been working overseas for a subcontractor on an offshore oil rig when militants from the host country stormed it and took him and other foreigners

hostage. Wanting him released unharmed as soon as possible, the student – let’s call her “Sarah” – had scoured news sources for information about the event and amazingly, obtained phone numbers and addresses for two key participants in the hostage negotiations. She wanted to take action, potentially in those negotiations, and asked me, “What should I do?”

My initial response, for both of us, was to work through a standard negotiation analysis (parties, issues, interests, conditions, actions to date). Several parties were involved: the rig-owning company, the subcontractor, the host and multiple home country governments, the militants, and intermediaries. Sarah and I then discussed the effects of increased complexity (a likely consequence if she were to intervene), the full scope of her interim and ultimate interests, and ways to add pressure to reach an agreement. For one of her interests, one course of action, which Sarah took, was initiating communication and information-sharing between the hostages’ families. After our talk, she satisfied several other interests as well. The effects of her actions and inaction on the hostage negotiations cannot be gauged here. At least Sarah’s actions did not prevent her father’s return; he was released unharmed.

My recommendations did not noticeably draw on particular studies in IB research. (In retrospect, I could have consulted *International Negotiation’s* (2003) issue on negotiating with terrorists.) But my thoughts were influenced, I am sure, by my knowledge of IB research and teaching experiences.

Some readers may question the use of a hostage negotiation in reflections on the practical value of IB research or note more pointedly that there is insufficient information to see any links between my advice and the negotiation outcome. I selected this case primarily as a real example of the new types of negotiations that companies face in a globalizing world, but could have used any number of other test cases or problems, from a simple import/export transaction to how to counter obsolescence in company bargaining power or develop better relationship fit in M&A negotiations.¹⁰ In any event, I know of no empirical investigations into the effects of research on practice for IB negotiations of any type and of only one study on the effects of advice on IB negotiator behavior (Eliashberg et al. 1992). IB research shares this lack of hard evidence on transfer and training effectiveness with the general field of negotiation (Deutsch 2000:583).

Nevertheless, let me suggest some reasons to be optimistic about the benefits of IB research for practitioners. There is a growing body of thoughtful research translations and research-based books for practitioners (Salacuse 2003; Sebenius 2002; Usunier & Ghauri 1996). In business, albeit non-IB, negotiation research, studies have substantiated the positive effects for negotiators of knowledge about negotiation (e.g., Weingart, Hyder & Prietula

1996). In IR, problem-solving workshops (a.k.a. “interactive conflict resolution”), whose design expressly includes introducing research to practitioners, have been supported by various groups for 40 years (see *International Negotiation* 1997, 2(3)). Further, a recent study of Dutch peacekeepers (Ramarajan et al. 2004) reported statistically significant, positive effects of negotiation training. IB researchers still have much to do to demonstrate how, and how much, research contributes to practice, but they have some examples to use in charting their course.¹¹

Future Research

The trajectories for future IB negotiation research extend from each of the two existing paradigms – macro-strategic, micro-behavioral – and more specifically, from the two streams within each of them (international business-government relations, interfirm relationships; comparative studies, intercultural research). Within each paradigm, researchers will probably continue to fine-tune methods and attempt to explain more of the variation in currently studied variables. Some cross-paradigm (multi-level) and multi-perspective work will also likely continue, albeit to the same limited extent.

Without wanting to launch a full-scale debate here on how science advances, I think one can ask whether such compartmentalization is desirable. Besides where research *is* headed, *should* it head in these directions? In a provocative spirit, I would say, “No, at least not solely.” There is limited value for *international* business negotiation in continuing to pursue comparative rather than intercultural studies. Further, if we are to understand IB negotiation as a whole, as complex as it often is, we need synthesis – assimilation – of the perspectives and insights offered by both paradigms. For the same reason, IB researchers should pay more attention to IR research on negotiation and to the larger field of international negotiation.

Three core questions about negotiation can and should continue to motivate future IB research: how do parties negotiate (descriptions of process); why do they reach non-agreements or agreements of different kinds (explanations of outcomes); and how should parties negotiate (prescriptions for behavior). For IB researchers in particular, there is arguably a fourth question: the ways and degree to which answers to the preceding questions for IB negotiation are distinct from other types of negotiation. Let me suggest a few specific ideas for future research along three lines: topics, methods, and perspectives.

Topics

Not long ago in a different review (Weiss 2004), I listed six topics for research: negotiation preparation, intergroup negotiation, cross-level relationships (e.g., individual to counterpart team), negotiation stages, multilateral negotiation, and no-agreement outcomes. While there has been some progress (e.g., Adair & Brett 2005 on stages), all of these topics, which are gaps apparent in a comprehensive view of IB negotiation, deserve more attention. They are as relevant, one might add, for IR as for IB research (cf. *International Negotiation* (2003) on multilateral negotiation.)

Based on the review in this article, we can add a few more deserving topics for future IB research. One, given its prevalence in a globalizing world and paucity in research literature, is international M&A negotiation, especially its process. The variety of environmental conditions (e.g., political, economic) that affect negotiator behavior and negotiation outcomes also merit greater scrutiny, for macro-strategic IB and IR research both indicate that the negotiation contexts typical of micro-behavioral studies, while useful for experimental control, are a far cry from the contexts of the real negotiations they are intended to explain. Moreover, there are new challenges for companies (and governments) today: the involvement of diverse stakeholders and rapid diffusion of information as well as nontraditional counterparts and new forms of interaction (e.g., electronic communication). In the same vein, as noted in "A Critique" above, we need to learn about the interactions of individuals and of groups as representatives, not just as principals. Since IB negotiators, by definition, use multiple knowledge bases and skill sets, their relative impact on negotiation effectiveness could also be explored. In other words, what has more impact on reaching a satisfactory outcome: an IB negotiator's cosmopolitanism or business acumen?¹² Perhaps the answer will vary by culture or counterpart, since some seem to emphasize relationship factors while others pay more attention to the task. Lastly, for IB researchers to enhance practice credibly, they need to allocate more effort to testing practical implications and prescriptions from their research.

Methods and Data

To resolve contradictions in findings to date, clarify what we do know, and generally enrich our understanding of IB negotiation, we would be well served, it seems, by wider use of multiple methods in the future (in addition to the replication studies recommended earlier). Diverse methods and data sources (e.g., archival analysis in IR, experiments in IB) could also be used to test the robustness of results and build generalizability across subfields. As De Dreu and Carnevale (2005) have previously suggested in this journal,

these efforts could be facilitated by common focal points such as reciprocity or framing.

I would also argue that IB researchers should be more persistent in their pursuit of data from real IB negotiations. We need to get closer to the real phenomenon. Granted, many negotiators consider their efforts and accomplishments too consequential to disclose, but there are a number of examples in the literature where access was granted. Similar hurdles exist for IR researchers, yet IR has produced work such as Zartman and Berman's (1982) synthesis of interviews with 84 U.S. and UN representatives. There is no equivalent in IB. At the same time, this is not only a matter of IB researchers negotiating more effectively with practitioners but of their willingness to grapple with messy data (see Matz 2004). (For arguments in support of more case study research, see Druckman (2002) and Zartman (2005).)

Perspectives

Broad conceptual suggestions have been saved for last mention because they could call for the most dramatic or difficult change from existing research. As Reynolds, Simintiras and Vlachou (2003) have concluded, we need a valid "all-encompassing" model of IB, not just of intercultural negotiation. Some conceptual and grounded models already exist (e.g., Weiss 1993), and they could be consulted more regularly to situate empirical studies and themselves be put through rigorous testing and validation. Researchers could consider strategic aspects at a micro-analytic level and behavioral aspects at a macro level or combine the two existing paradigms via bridge topics such as determinants of IB negotiation outcomes.

Beyond the concern for a comprehensive model, we might significantly advance our understanding of international and IB negotiations by reconceptualizing process and outcome. Instead of looking for a single pattern or set of stages, however general, across countries or cultures (e.g., Adair & Brett 2005; Graham, Mintu & Rodgers 1994), should researchers think of IB negotiation as a set of processes? Similarly, treating a negotiation outcome only as a result at the very end of the process (even if measured in multiple ways, such as individual profit, joint gain, and partner satisfaction) is a somewhat misleading view of negotiation. Agreements of various kinds – or more precisely "results" – are often reached throughout a negotiation. In large scale negotiations, process and outcome are intertwined and recurring, not single iterations. Complicated arrangements between real parties require continuous negotiation.

Development along lines different from past research requires, among other efforts, an explication and discriminating awareness of typically implicit assumptions that guide research (see Lewicki, Weiss & Lewin 1992). Many of

them are culturally bound, not just by the nationalities of the researchers (Brett & Gelfand 2006), but also by their research cultures. More systematic communication between IB researchers and practitioners will advance IB research.

Conclusion

These reflections constitute in many ways a call for continuing yet greater investment in research on IB negotiation. Business actors in a globalizing world will increasingly engage in negotiation – in its various forms and arenas – and depend on its capacity to bring about important results. Research has a role to play in these developments. It also has a vital role to play in knowledge-building. In both respects, IB research is bound to continue contributing to and benefiting from work in the field of international negotiation. Much has been accomplished since Kapoor's (1970) *International Business Negotiations*, but there is even more to do.

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Notes

1. Criteria include place of legal establishment (incorporation), location of corporate headquarters or a particular unit or subsidiary, and nationality of majority shareholders. Many MNEs obfuscate their ownership for marketing and other purposes.
2. International Monetary Fund, *World Economic Outlook Database*, September 2000 and April 2005 at <http://www.imf.org/external/pubs/ft/weo/2005/01/data/> (accessed on April 8, 2006).
3. International Telecommunication Union at http://www.itu.int/ITU-D/ict/publications/wtdr_06/index.html (accessed on April 8, 2006). The “digital divide” between developed and developing countries has decreased dramatically, but total Internet usage is still low in Asia-Pacific, Arab states, and Africa. In-person connections, not just virtual ones, have also continued to rise. Total annual airline passengers worldwide (all types of travel) increased 33% from 1994 to 2004 (Donoghue 2004).
4. Some authors (e.g., Rugman & Hodgetts 2003) argue that most international business is not global but interregional (specifically between the triad zones of the U.S., Japan and EU).
5. In February, 2006, an ABI Inform search for “international business negotia*” in a title or abstract since 1970 yielded 3,902 references. Limiting that list to scholarly journal articles

- led to a subset of 749 references. On the U.S. Library of Congress website, an on-line search for “international business negotiation” literature produced over 10,000 references (although a quick examination spotted the inclusion of non-business citations). These results could be expanded by extending the search beyond English language sources.
6. Some of the research cited below is not explicitly business-based (e.g., Gelfand et al., 2001), but it is included because it appears often in IB negotiation researchers’ literature reviews.
 7. For other examples of contradictory findings, see Gelfand and Dyer (2000) and Weiss (2004:459). For information about Chinese negotiators, see Cai and Waks (2002).
 8. Nicolson (1973:4) defined diplomacy as “the management of international relations by negotiation.”
 9. This relates to the question earlier in this article about differences between international and domestic M&A negotiations. Connections made between IB and IR to date include a few compilations of work from both subfields (e.g., Kremenjuk 2002), individual scholars’ cross-overs into the other subfield (e.g., Pye 1992), and IB-IR collaborations (e.g., Crump & Zartman 2003).
 10. Practicing negotiators have their own ideas for how to improve their effectiveness. A U.S. diplomat, a veteran of hundreds of international negotiations, told me that a cultural briefing on his counterparts should tell him everything they would do from the time he stepped off the airplane at their airport (pers. comm.).
 11. Such work should also delve into how practitioners define “success” (see d’Estree et al. 2001 and *International Negotiation* 2002, 7(3)).
 12. This would go a long ways toward answering the question about non-superficial similarities and differences between international M&A negotiation, and international sales and domestic M&A negotiations. (Recall Endnote 9.)

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Appendix

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**not specific to business*