


# How Power Distance Interacts with Culture and Status to Explain Intra- and Intercultural Negotiation Behaviors: A Multilevel Analysis

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intercultural negotiation, power distance, status, negotiation behavior.

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## Abstract

This study examines how culture and status qualify the effects of power distance (PD) values on bargaining tactics in intra- and intercultural negotiations, as well as Chinese and American negotiators' behavioral difference in these contexts. Data were collected from 34 intercultural dyads, 32 American dyads, and 35 Chinese dyads that completed job offer negotiations. Results showed substantial contextual variations in the actor and partner effects of PD values. Whereas Chinese employees' PD values positively influenced American managers' priority information exchange, American employees' PD values had a negative partner effect on it. Whereas Chinese employees' PD values negatively influenced Chinese managers' relationship building, American employees' PD values had a positive partner effect on it. American managers and employees both used significantly fewer integrative tactics and more distributive tactics in intercultural than intracultural negotiations, but neither Chinese managers nor Chinese employees exhibited behavioral difference. Theoretical and practical implications of the study are discussed.

Due to increasing cultural diversity in the global workforce, it has become a reality for global leaders to negotiate with employees with different cultural values on a daily basis. Despite abundant literature documenting a wide array of cross-cultural differences in negotiators' cognitive, emotional, and behavioral responses, as well as their impact on negotiation processes and outcomes (Adair et al., 2004; Brett et al., 1998; Friedman, Liu, Chi, & Chen, 2007; Gelfand et al., 2001; Liu, 2009), most studies involve *cross-cultural* comparisons of intracultural negotiations, rather than *inter-cultural* negotiations per se. Among the few intercultural negotiation studies available, negotiators in intercultural contexts were generally found to use more distributive behaviors and achieve significantly less profit than those negotiating within their own culture (Adair, Okumura, & Brett, 2001; Brett & Okumura, 1998; Lügger, Geiger, Neun, & Backhaus, 2015).

In recent years, negotiation scholars have sought to understand both psychological and contextual obstacles of intercultural negotiations so as to provide practitioners with practical advice to improve intercultural negotiation effectiveness, ranging from negotiating parties' beliefs and trust (Kung et al., 2018), cultural intelligence (Imai & Gelfand, 2010), epistemic and social motives (Liu, Friedman, Barry, Gelfand, & Zhang, 2012), to their dyadic composition (Liu, Zhu, & Cionea, 2016). For example, Liu

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et al. (2016) found that when negotiating inter-culturally, negotiators vary significantly in their emotions, goal pursuit, and bargaining strategies depending on dyadic role composition, suggesting that intercultural negotiations can be more effective when dyad members' culture-role combinations are more conducive to empathy and perspective taking.

However, although the study suggests that incompatible role-specific schemas can make it difficult to achieve integrative outcomes in intercultural contexts, it neither empirically assessed the effect of such schemas (i.e., power distance values) for bargaining roles with differential status, nor did it compare intercultural with intracultural negotiations. As a result, we have limited understanding about whether negotiators' bargaining role interacts with power distance (PD) values to influence negotiation behaviors as they move from intra- to intercultural contexts. The purpose of this study, therefore, was to provide such an assessment. By examining the interaction of PD values and bargaining role in shaping negotiation behaviors across dyad members in both intracultural and intercultural contexts, the study seeks to illuminate the extent to which negotiators of differential status from different cultures adjust their bargaining tactics when negotiating with a culturally different counterpart versus a compatriot.

### **Power Distance, Bargaining Role, and Negotiation Tactics**

Culture has been considered a socially shared knowledge structure that guides the interpretation of the social situation and the behavior of others, as well as sequences of appropriate (re)actions (Triandis, 1972). The vast majority of studies documenting culture's effect on negotiation was inspired by Hofstede's (2001) work that classified 60+ countries and regions along four dimensions of cultural values. Among them, numerous studies took a cultural profile approach and conceptualized culture at the group level (Adair et al., 2004; Brett, Tinsley, Janssens, Barsness, & Lytle, 1997; Gelfand et al., 2001); differences in negotiation strategy and outcomes were hypothesized based on cultural prototypes derived from prior research on cultural values or aggregated central tendencies on values, norms, beliefs, or cultural ideologies (Brett & Crotty, 2008). However, this approach fails to demonstrate direct empirical evidence for the effect of cultural values on behavior (Oyserman, Kimmelmeier, & Coon, 2002). Many studies on cross-cultural conflict management measured cultural values at the individual level and demonstrated that cultural values mediated the relationship between national culture and conflict management strategies (Morris et al., 1998; Oetzel & Ting-Toomey, 2003; Tinsley, 2001). However, they tend to focus on general approaches to conflict management based on self-reports, rather than specific bargaining tactics used in actual interactions. An increasing body of research has advanced our understanding of the dynamic, interactive communication processes in negotiation by analyzing frequencies and sequences of bargaining tactics in intracultural or intercultural contexts (Adair & Brett, 2005; Adair et al., 2001; Giebels & Taylor, 2009; Liu, 2011, 2013; Liu & Wilson, 2011). However, with few exceptions (Cai, Wilson, & Drake, 2000), this line of research has not directly assessed the individual-level effects of cultural values on negotiation behaviors.

Research has shown that the effect of culture on bargaining tactics is qualified by bargaining role (e.g., buyers vs. sellers, Cai et al., 2000; employers vs. employees, Liu, 2012; Liu & Wilson, 2011). The social roles theory provides useful explanations for the effect of roles on negotiation behavior. Roles consist of "behavioral expectations individuals hold for themselves and others based on one's social positions" (Stuhlmacher & Linnabery, 2013, p. 222). Role expectations function as evaluative standards for assessing the focal person's behaviors and attitudes. These expectations are communicated verbally or nonverbally to fit in a certain role or to influence another's behavior (Katz & Kahn, 1978). The (mis)match of role orientations, such as the level of dominance versus submissiveness exhibited by negotiators, was found to have a significant influence on negotiation outcomes (Wiltermuth, Tiedens, & Neale, 2015). When individuals notice that another's behavior or characteristic does not match a given role, according to the expectancy violation theory, they become aroused and cognitively appraise the action (Burgoon, 1993).

As a result, individuals either enact behaviors that are intended to bring one's behavior into alignment with expectancies or choose to disengage from the counterpart (Wright & Roloff, 2015).

One dimension of cultural values that clearly interacts with role-specific expectations in shaping negotiation behaviors is power distance. Power distance (PD) concerns the extent to which individuals accept unequal distribution of power in institutions or organizations (Hofstede, 2001). It is often used to characterize cultures at the societal level: High power distance societies view hierarchical relationships to be appropriate and beneficial, whereas low power distance societies perceive inequality as detrimental, and therefore, should be minimized (House, Hanges, Javidan, Dorfman, & Gupta, 2004; Schwartz, 1992). Individuals from cultures that differ in power distance orientations are hypothesized to differ in approaches to conflict management and negotiation. For example, Japanese negotiators were found to prefer a power-based approach to dispute resolution, whereas American negotiators were found to favor an interest-based approach (Brett & Okumura, 1998). East Asians, such as host nationals in Singapore and Thailand, were also found to be more affected by power differentials than Australian expatriates when managing intercultural conflicts (Brew & Cairns, 2004). However, the group-level conception gives little attention to contextual variations. Little negotiation research has investigated how PD values interact with contextual factors to shape role-specific behaviors for negotiators with differential status in negotiation.

Researchers have recognized that since power distance deals with individuals' beliefs about status and authority, a psychological analysis at the individual level is more sensitive for understanding situational or contextual variations in PD's effects (Tyler, Lind, & Huo, 2000). PD values have been found to predict attitudes and behaviors of individuals with differential status in a variety of communication contexts. Tyler et al. (2000) found that subordinates with high PD values were more ready to accept dispute resolution decisions reached through procedures that give power to authorities (e.g., arbitration and formal trials), whereas subordinates with low PD values evaluated decisions made through mediation more favorably, as the procedures made them feel they received fair treatment and respect from authorities. Likewise, Lund, Scheer, and Kozlenkova (2013) found that managers with higher PD values placed less importance on procedural fairness, because subordinates from the same culture are less likely to question the legitimacy of supervisors' actions. Kirkman, Chen, Farh, Chen, and Lowe (2009) found that employees with higher PD values rated their supervisors more favorably on procedural justice than those lower in PD values; in addition, transformational leadership enhanced perception of procedural justice for employees with low PD values, but not for those with high PD values. Taken together, these findings suggest that PD values dictate a different set of expectations for individuals with different social roles or status.

In negotiations, high PD values may lead to different bargaining tactics for different bargaining roles. The higher PD values superiors have, the more likely they are to make positional statements, such as demands, refusals, and persuasive arguments, as superiors generally feel more justified to express aggression toward subordinates without fearing retaliation (Irani & Oswald, 2009); for the same reason, they are less likely to use integrative tactics that communicate concerns for subordinates' needs and interests. On the other hand, the higher PD values subordinates have, the more likely they are to refrain from competitively exerting influence on the negotiation outcomes, as several studies demonstrated that employees from high PD cultures tended to withhold arguments (Huang, Van de Vliert, & Van der Vegt, 2005) and engaged in acquiescent silence (Rhee, Dedahanov, & Lee, 2014). As individuals from high PD cultures are more affected by power differentials, individuals' cultural background must be considered when examining their social status related role differences. Therefore, it is hypothesized that:

**Hypothesis 1a:** The effect of PD values on negotiation tactics will be moderated by status-based bargaining role, such that for employees, PD values will be positively associated with integrative tactics and negatively associated with distributive tactics, but for managers, PD values will be negatively associated with integrative tactics and positively associated with distributive tactics.

**Hypothesis 1b:** These effects will be more pronounced for Chinese negotiators than for American negotiators.

Researchers have noted that in intercultural negotiations, individuals may experience a heightened awareness of self-identity, because they may attempt to act as positive role models of their culture (Latane, 1981). The influence of PD values on negotiators' own behavior, therefore, may be more pronounced in intercultural settings than when negotiating with a compatriot.

**Hypothesis 1c:** The effect of PD values on negotiation tactics will be moderated by negotiation context, such that the effects of PD values are more pronounced in inter-cultural negotiations than in intracultural negotiations.

## Power Distance, Negotiation Context, and Behavioral Adjustment

The individual-level conceptualization of power distance is consistent with the perspective that culture is "a loose network of domain-specific cognitive structures" that influence behavior when they are cued by contextual factors and become relevant to a particular situation (Hong & Mallorie, 2004, p. 63). When negotiators' roles differ in social status, their role-related cultural schemas (i.e., power distance values) become activated to guide their interpretation and evaluation of the other person's action (Brett & Okumura, 1998; Burgoon, 1993). According to the role congruity theory, a person's behavior will be positively evaluated when it is considered to fit the typical social role of the group he or she belongs to (Eagly & Karau, 2002). For example, in a low PD culture, a manager is considered a positive role model by subordinates when he or she listens, cares, and communicates respect, whereas in a high PD culture, a manager is considered to meet role-related expectations when he or she communicates authority and assertiveness, placing organizational interests over individual needs. In intercultural negotiations, when a manager from a high PD culture meets a subordinate from a low PD culture, role expectations are often violated, causing negative emotions and less cooperation between negotiating parties (Liu et al., 2016).

Culturally distinct schemas and strategic repertoires vary in intra- and intercultural contexts (Adair, Taylor, & Tinsley, 2009; Brett & Okumura, 1998). For example, research showed that in intracultural negotiations, American negotiators' schemas emphasized self-interests and direct information sharing, whereas Japanese negotiators' schemas emphasized hierarchical persuasion and altruism. In intercultural negotiations, however, American negotiators emphasized altruism, whereas Japanese negotiators emphasized self-interests and direct information sharing (Adair et al., 2009). Several studies have compared negotiation behaviors in intracultural and intercultural negotiations between buyers and sellers that do not differ in power status. These studies suggest that negotiators in intercultural contexts tend to engage in some level of behavioral adjustment when the counterpart's behaviors clash with their own styles, either due to an innate tendency to reciprocate, or based on pre-existing cultural knowledge about what constitutes appropriate behaviors in the counterpart's culture (Adair et al., 2001; Lügger et al., 2015). To date, existing research has not assessed the extent to which negotiators with differential power status adjust their negotiation behaviors when their counterpart comes from a different versus same cultural background.

The literature has provided several threads of theoretical explanations for who are more likely to adjust behaviors and why when culturally different schemas and strategic approaches collide. One line of research suggests that negotiators who are more capable of intercultural adaptation, as indicated by superior language skills, cultural knowledge, and interpersonal sensitivity, are more likely to adjust their behaviors in intercultural negotiations (Graham & Andrews, 1987). Adair et al. (2001) propose that high-context negotiators who tend to engage in indirect information exchange and are more sensitive to contextual cues have greater communicative flexibility and less difficulty adapting to direct information exchange used by low-context negotiators than vice versa.

Another line of research suggests that negotiators' behavioral adjustment is also influenced by their epistemic and social motivations. Liu et al. (2012) found that negotiators who have higher concern for face are more aware of the counterpart's needs, and therefore, engage in a greater level of mental model change to match their counterpart's conception of the negotiation situation. Similarly, those with low need for closure are more open to new information and exhibit a greater level of cultural match. Following these two lines of reasoning, as Chinese negotiators come from a high-context communication culture (Hall, 1976) and have greater face concern than Americans (Oetzel & Ting-Toomey, 2003), they are more likely to exhibit behavioral changes in intercultural contexts to adapt to American counterparts than vice versa.

However, a third line of research recognizes the importance of contextual factors in shaping the cultural adaptability of negotiators. Lügger et al. (2015) noted that based on scholarship on interpersonal orientations (Adler & Graham, 1989; Graham, 1985), whether the counterpart is an ingroup or outgroup member may lead to varying levels of willingness to adapt. Their study not only confirmed existing findings that Chinese negotiators use more distributive and fewer integrative tactics than European and American negotiators (Adair et al., 2004; Liu, 2009), but also found that Chinese negotiators exhibited less behavioral adjustment in intercultural negotiations than German negotiators: Whereas German negotiators used more integrative tactics when negotiating with their compatriots, they used more distributive tactics when negotiating with Chinese; on the other hand, Chinese negotiators did not modify the amount of distributive behavior when moving from intra- to intercultural negotiations. The finding is consistent with both China's higher assertiveness score than Germany in the GLOBE study (House et al., 2004), and Chinese people's tendency to engage in distributive reciprocity when negotiating with outgroup members (Liu, 2012).

Lügger et al. (2015) also noted that according to the acculturation theory (Berry, 2005), individuals from the more powerful background are less likely to adapt due to perceived superior positions. This is consistent with research showing that employees' bargaining tactics are more susceptible to the influence of employers' anger than vice versa (Liu & Wilson, 2011). It also suggests that in negotiations that involve differential status between negotiating parties, the negotiation context (intracultural/intragroup vs. intercultural/intergroup) may interact with negotiators' cultural background and bargaining role in shaping negotiators' behaviors. Following this line of reasoning, the study hypothesizes that in negotiations involving bargaining roles of differential status, negotiators in a high power status (e.g., managers), especially those from the Chinese culture that differentiates between ingroup and outgroup members, are less likely to engage in behavioral adjustment than those in a low power status (e.g., employees) and from the United States when moving from intracultural to inter-cultural negotiation settings. When combined with negotiators' cultural background, the study hypothesizes that:

**Hypothesis 2:** Negotiators' culture and status moderate the effect of negotiation context on bargaining tactics. Specifically, (a) Chinese employees will use more integrative tactics and fewer distributive tactics in inter-cultural than intracultural negotiations, (b) American employees will use fewer integrative tactics and more distributive tactics in inter-cultural than intracultural negotiations, (c) Chinese managers' bargaining tactics will not differ in intracultural and internegotiations, and (d) American managers will use fewer integrative tactics and more distributive tactics in intracultural than intercultural negotiations.

## Method

### Participants and Recruitment Procedures

Data were collected from 32 American intracultural dyads and 35 Chinese intracultural dyads (see Liu, 2009; Liu & Wilson, 2011), as well as 34 American Chinese intercultural dyads (see Liu et al., 2016) that

completed a job offer negotiation.<sup>1</sup> Participants were 98 American citizens (42 men and 56 women) and 104 sojourning Chinese (44 men and 60 women) pursuing undergraduate and graduate degrees in a mid-west university and a mid-Atlantic university in the United States. The majority of participants were graduate students ( $N = 152$ , 75.2%) above 25 years of age ( $N = 123$ , 61%). Participants had an average of 3.61 years of work experience ( $SD = 2.84$ ). Ninety-four percent ( $N = 98$ ) of the Chinese participants reported having resided in the United States for less than 5 years. The vast majority of participants ( $N = 178$ , 88%) reported that they did not know each other prior to the study. Those who reported knowing each other ( $N = 24$ , 12%) reported a low level of knowledge ( $M = 2.43$ ,  $SD = 1.73$ ) on a 7-point polar scale. Participants were recruited for participation in the study through campus fliers, word-of-mouth, postings in university newsgroups, and postings in student organization list-serves. Upon arrival at an interaction research laboratory, participants were instructed to read and sign a consent form before they completed a series of tasks. Each participant was compensated \$10 upon completion of the entire experiment.

### Experimental Design and Hypothetical Scenarios

Participants were randomly paired up to form same-sex intracultural and intercultural negotiation dyads and assigned to one of two bargaining roles (employer vs. employee) to perform a job contract negotiation that consisted of two tasks. The first task was a single-issue, zero-sum game concerning the kind of laptop computer the employee would receive from the company. It functioned as a “warm up” task in the sense of (a) allowing participants to interact with their partner briefly before they started the main negotiation task, and (b) inducing a variety of emotions and goals as is often the case in real-life negotiations, so as to examine a wide spectrum of negotiation behaviors. Participants were then given a scenario of the main task, which involved negotiating core terms of employment, including multiple issues (salary, medical coverage, vacation, and start date) that contained integrative potential (i.e., both parties could win by trading off issues of differential importance). This negotiation was recorded, transcribed, and subsequently coded to examine the use of bargaining tactics. Participants were told that their objective was to get as good a deal as they could for their company or for themselves, measured by the total number of points they could earn from the negotiation and that they should avoid reaching an impasse as it would result in zero points. The payoff schedule for the four core issues was designed in ways that reflected three types of negotiation: integrative, distributive, and compatible. The tasks, which have been used in several published studies, provide the context for testing a series of behavioral measures and were perceived as realistic by both American and Chinese participants (Allred, Mallozzi, Matsui, & Raia, 1997; Liu, 2009; Liu & Wilson, 2011).

To examine culturally prototypical negotiation behaviors in intracultural negotiations, Chinese participants in intracultural dyads were encouraged to speak Chinese. For them, all scenarios and questionnaires were translated into Chinese and then back-translated into English by Chinese graduate students who were experienced in bilingual translation. The English names were replaced by Chinese names to enhance their role identification. As most intercultural negotiations between Chinese and Americans use English, Chinese participants in intercultural dyads spoke English in the negotiation and read all the materials in English as well. They were given Chinese names to indicate their distinct cultural identity. To control for extraneous factors that may generate power difference, such as BATNAs, participants in

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<sup>1</sup>The intracultural data were used by Liu (2009) to examine cultural variations in the effect of anger on negotiation performance and were used by Liu and Wilson (2011) to assess how interaction goals influenced individual and joint gains through dyad members' bargaining tactics. The intercultural data were used by Liu et al. (2016) to examine whether dyadic composition of intercultural dyads affected negotiators' emotions, goals, bargaining tactics, and negotiation outcomes. The current study for the first time (a) compared intercultural and intracultural negotiations, and (b) examined the effects of power distance on bargaining tactics in negotiations that involve status-based distinguishable roles.

both roles were given the same information (e.g., 900 points or lower are considered an unacceptable deal). The average amount of time it took participants to complete the main negotiation was 16.03 min ( $SD = 6.74$ ). After the second negotiation was over, participants completed a questionnaire where they reported negotiation outcomes, PD values and demographic information. PD values were measured in the postnegotiation questionnaire to avoid overwhelming participants with a large amount of materials prior to the negotiation (e.g., consent form, negotiation scenarios, and prenegotiation questionnaires, see Liu, 2009; Liu & Wilson, 2011), as cultural values are trait characteristics that are stable over time and across contexts. They can be “activated” by situational or contextual cues (e.g., enactment of an assigned bargaining role), but conceptually are not volatile to change due to one’s and the counterpart’s behaviors.

## Measures

### *Power Distance*

Following previous research measuring power distance at the individual level (Brockner et al., 2001), power distance values were assessed using an eight-item measure taken from Earley and Erez (1997) (1 = *strongly disagree*, 7 = *strongly agree*). Sample items include “In most situations managers should make decisions without consulting their subordinates,” and “Employees should not express disagreements with their managers.” Cronbach’s  $\alpha$  was .75. The average score of the eight items was used as a composite measure of power distance. An independent-sample  $t$ -test showed that Chinese participants had significantly higher PD values ( $M = 3.94$ ,  $SD = 1.07$ ) than American participants ( $M = 3.50$ ,  $SD = 1.10$ ),  $t(197) = -2.83$ ,  $p < .01$ .

### *Coding Negotiation Strategies*

All the main negotiations were audio-taped, video-taped, and transcribed. Because American intracultural dyads negotiated in English and Chinese intracultural dyads negotiated in Chinese, college students from the two cultural groups were recruited to transcribe the second negotiation—the core issues negotiation—in their native language. Two American and two Chinese coders that were blind to the hypotheses were trained to perform content analysis of the intracultural negotiation transcripts, and two coders (one American, one Chinese American), also blind to the hypotheses, were trained to perform content analysis of the intercultural negotiation transcripts (for description of training procedures, see Liu, 2009).

Five categories of negotiation tactics were identified that conveyed an integrative (cooperative) or distributive (competitive) orientation: priority information exchange (e.g., requesting or providing information regarding the relative priority of multiple issues), integrative issue-linking (e.g., proposing multi-item offers or linkages between multiple issues), relationship building (e.g., giving compliments to the counterpart, showing concerns for the counterpart’s needs and concerns as well as the long-term work relationship), distributive positioning (e.g., proposing or rejecting single-item offers, demanding concessions on single issues, or making positional commitments), and distributive persuasion (e.g., making arguments to reduce the counterpart’s resistance or threatening to walk away from the table). Coders began by bracketing the presence of any tactic (regardless of type) during a simulation. Guetzkow’s  $U$ , an index of disagreement in unitizing, was .04 for American coders of intracultural transcripts, .06 for Chinese coders of intracultural transcripts, and .07 for coders of intercultural transcripts. Folger, Hewes, and Poole (1984) describe scores below .10 on this index as “quite low,” indicating acceptable unitizing reliability. After resolving disagreements through discussion, coders independently placed each of the bracketed tactics into one of the five categories. Cohen’s kappa was, respectively, .85, .82, and .89 for the three sets of transcripts, indicating substantial agreement (Landis & Koch, 1977). Disagreements were resolved through further discussion. The rest of the transcripts were then divided among the coders to finish coding the remaining transcripts independently.

The amount of time it took participants to finish the negotiation varied considerably, ranging from 3.25 to 30.23 min ( $M = 16.03$ ,  $SD = 6.74$ ), which resulted in substantial variation in the total number of tactics used by participants. The raw number of tactics in each category is no longer meaningful, unless the total number of tactics is taken into account. In addition, some tactic scores were highly positively skewed (four out of five categories were above 1.00 in skewness,  $SE = .17$ ). Due to these two issues, transformation procedures were performed for each type of negotiation tactic by log-transforming a proportion score of the number of tactics of each type to the total number of tactics used by each participant. After transformation, the normality of the distributions was much improved (skewness ranged from  $-.03$  to  $-.54$ ,  $SE = .17$ ). The transformed scores were used for all subsequent statistical analyses.

Although some participants completed the main negotiation in a short amount of time (about 24.8% of participants completed the main task within 10 min), it should be noted that they completed a single-issue negotiation prior to the main task, which helped them save time from introductory conversations. The length of the two negotiations together ranged between 13.40 and 44.65 min ( $M = 27.18$ ,  $SD = 7.39$ ). When the length of negotiation was statistically controlled when performing subsequent statistical analyses, it did not yield different results. Negotiation outcome of the first negotiation task was not associated with any of the five types of bargaining tactics, with  $r$  ranging from  $-.07$  to  $.04$ .<sup>2</sup>

## Results

As data were collected from members of negotiation dyads who may influence each other's perceptions and behaviors, the degree of nonindependence of dyadic data was assessed by performing correlations between dyad members' scores on all dependent measures (see Kenny, Kashy, & Cook, 2006). Results showed that intraclass correlations for the five types of bargaining tactics were all statistically significant. Therefore, all the hypotheses were assessed using dyadic data analysis techniques suggested by Kenny et al. (2006). Preliminary analysis showed that demographic variables such as gender, age, class rank, and work experience were not associated with the dependent measures, and therefore, not statistically controlled. Intraclass correlation of negotiating parties' PD values (i.e., correlation between actor's and partner's PD values) was nonsignificant,  $r = .16$ ,  $p = .12$ .

Hypothesis 1 predicted that PD values would interact with status-based bargaining role, culture, and negotiation context to influence bargaining tactics. Specifically, PD values would be positively associated with integrative tactics and negatively associated with distributive tactics for employees, but had opposite effects for managers (H1a); these effects would be more pronounced for Chinese than for Americans (H1b), and finally, these effects would be more pronounced in intercultural negotiations than intracultural negotiations (H1c). Given the relatively small sample size, to simplify the analyses for examining status-based role differences in different cultures, a culture-role variable was created that has four levels: American employees, American managers, Chinese employees, and Chinese managers. Five separate multilevel analyses were performed following Kenny et al.'s (2006) Actor-Partner Interdependence Model (APIM) for analyzing data collected from distinguishable dyads, with each of the five types of bargaining tactics as the dependent variables, and actor's and partner's PD, culture-role, and negotiation context, as well as their interactions as the independent variables. Results revealed significant three-way interaction effects between *actor's PD*, culture-role, and negotiation context on two types of integrative bargaining tactics: integrative issue-linking,  $b = .05$ ,  $p < .05$ ,  $r = .15$ , and priority information exchange,  $b = .05$ ,  $p = .06$ ,  $r = .14$ .  $r$  indicates the effect size of the independent variable computed from the  $t$  value and degrees of freedom of the parameter estimate (Rosenthal, 1991). There were also three-way interaction effects between *partner's PD*, culture-role, and negotiation context on integrative issue-linking,  $b = -.05$ ,

<sup>2</sup>When the outcome of the first negotiation and the length of negotiation were statistically controlled in subsequent analyses, results did not change.



$p < .05$ ,  $r = .18$ , and priority information exchange,  $b = -.04$ ,  $p < .09$ ,  $r = .13$ . The three-way interaction effects were not significant for relationship building or distributive tactics.

To decompose the three-way interaction effects, following Kenny et al.'s (2006) recommendation, the two-intercept APIM model was used to analyze intracultural and intercultural data separately, with culture-role and its interaction with actor's and partner's PD values as independent variables, and each type of bargaining tactics as the dependent variable. Results, which are summarized in Tables 1 and 2 and visually presented in Figures 1–4, showed that *in intracultural negotiations*, actor's PD values had a negative effect on priority information exchange for Chinese managers,  $b = -.06$ ,  $p = .05$ ,  $r = .40$ , but not for American managers. However, for American employees, actor's PD had a negative effect on both integrative issue-linking,  $b = -.07$ ,  $p < .05$ ,  $r = .30$ , and relationship building,  $b = -.06$ ,  $p < .05$ ,  $r = .26$ , as well as a positive effect on distributive persuasion,  $b = .03$ ,  $p < .05$ ,  $r = .22$ . Similarly, for Chinese employees, actor's PD had a negative effect on relationship building,  $b = -.05$ ,  $p < .05$ ,  $r = .26$ . H1a was supported for managers, but contradicted for employees. H1b was supported for managers.

In intracultural negotiations, observed *partner effects* of PD values were largely consistent with their actor effects. Partner's PD values had a negative effect on relationship building for Chinese managers,  $b = -.04$ ,  $p < .05$ ,  $r = .24$ , and a negative effect on priority information exchange for American managers,  $b = -.07$ ,  $p < .05$ ,  $r = .24$ . Partner's PD values also had a positive effect on distributive persuasion for Chinese employees,  $b = .04$ ,  $p < .01$ ,  $r = .30$ , but did not have any effect on any type of bargaining tactics for American employees. H1a was supported for managers, but contradicted for employees. H1b was supported for employees.

*In intercultural negotiations*, actor's PD values had a significant positive effect on both integrative issue-linking  $b = .10$ ,  $p < .05$ ,  $r = .41$ , and priority information exchange,  $b = .11$ ,  $p < .05$ ,  $r = .44$ , for Chinese employees, but did not have any significant effect on bargaining tactics for American employees. In addition, actor's PD values had a significant negative effect on relationship building,  $b = -.12$ ,  $p < .05$ ,  $r = .37$ , and a marginally significant positive effect on distributive persuasion,  $b = .04$ ,  $p < .10$ ,  $r = .32$ , for Chinese managers. Similarly, actor's PD values had a marginally significant negative effect on integrative issue-linking,  $b = -.12$ ,  $p = .06$ ,  $r = .33$ , and a significant negative effect on priority information exchange,  $b = -.16$ ,  $p < .05$ ,  $r = .40$ , for American managers. H1a received support for both employees and managers; H1b received support for employees. As the actor effects of PD values for employees in intercultural negotiations were in the opposite direction than those in the intracultural negotiations, H1c also received support.

In intercultural negotiations, *partner's PD values* also had a significant influence on negotiators' bargaining tactics, but all of the observed partner effects were opposite to the actor effects of PD values. Partner's PD values had a significant positive effect on their distributive persuasion,  $b = .04$ ,  $p < .01$ ,  $r = .30$ , for Chinese employees, but did not have any effect on bargaining tactics for American employees. In addition, partner's PD values had a marginally significant positive effect on relationship building,  $b = .18$ ,  $p = .06$ ,  $r = .36$ , and a marginally significant negative effect on distributive persuasion,  $b = -.07$ ,  $p = .06$ ,  $r = .34$ , for Chinese managers. Similarly, partner's PD values had a significant positive effect on priority information exchange,  $b = .15$ ,  $p < .01$ ,  $r = .46$ , and a significant negative effect on distributive persuasion,  $b = -.04$ ,  $p < .05$ ,  $r = .40$ , for American managers.

H2 predicted that the amount of behavioral adjustment, indicated by differences in the use of bargaining tactics in intracultural versus intercultural negotiations, varies by culture and status. Two-way ANOVAs were performed with negotiation context, culture-role, and their interaction as independent variables, and each type of bargaining tactics as the dependent variable. The interaction effects between negotiation context and culture-role were significantly on priority information exchange,  $F(3, 194) = 8.10$ ,  $p < .01$ ,  $\eta^2 = .11$ , integrative issue-linking,  $F(3, 194) = 2.61$ ,  $p = .05$ ,  $\eta^2 = .04$ , and distributive persuasion,  $F(3, 194) = 3.99$ ,  $p < .01$ ,  $\eta^2 = .06$ , and marginally significant on distributive positioning,  $F(3, 194) = 2.46$ ,  $p = .06$ ,  $\eta^2 = .04$ , and relationship building,  $F(3, 194) = 2.42$ ,  $p < .07$ ,  $\eta^2 = .04$ . To decompose the interaction effects, independent samples t-tests were performed with the five

Table 1  
Parameter Estimates for the Actor & Partner Effects of Power Distance on Integrative Tactics in Intra- and Intercultural Negotiations

Fixed comp.	Intracultural negotiation						Intercultural negotiation											
	Priority info exchange			Integrative issue-linking			Relationship building			Priority info exchange			Integrative issue-linking			Relationship building		
	b	t	r	b	t	r	b	t	r	b	t	r	b	t	r	b	t	r
<b>American managers</b>																		
Actor's PD	-.00	-0.09	.01	.01	0.42	.05	-.01	-0.61	.07	-.16*	-2.34	.40	-.12 <sup>+</sup>	-1.94	.33	-.04	-0.69	.13
Partner's PD	-.07*	-2.04	.24	-.05	-1.52	.17	-.03	-1.36	.16	.15**	2.75	.46	.12*	2.26	.38	.06	1.24	.24
<b>Chinese managers</b>																		
Actor's PD	-.06 <sup>+</sup>	-1.90	.22	-.02	-0.60	.07	-.01	-.56	.07	-.05	-0.70	.14	-.03	-0.40	.08	-.12*	-2.04	.37
Partner's PD	-.04	-1.39	.18	-.04	-1.36	.16	-.04*	-2.00	.24	.11	1.04	.18	-.03	-0.47	.09	.18 <sup>+</sup>	2.00	.36
<b>American employees</b>																		
Actor's PD	-.04	-1.00	.12	-.07*	-2.50	.30	-.06*	-2.30	.26	.07	0.86	.17	.04	0.51	.10	.07	0.69	.13
Partner's PD	-.00	-0.06	.01	.04	1.58	.19	.01	0.84	.03	-.02	-0.35	.07	-.03	-0.47	.09	-.04	-0.66	.13
<b>Chinese employees</b>																		
Actor's PD	-.02	-0.68	.08	-.03	-1.28	.16	-.05*	-2.19	.26	.11*	2.52	.44	.10*	2.30	.41	.07	1.27	.23
Partner's PD	-.06*	-2.01	.24	-.04	-1.56	.19	-.03	-1.22	.14	-.04	-.64	.12	-.11*	-2.10	.38	-.05	-0.73	.13

Note. Values that indicate significant effects are bold-faced.

<sup>+</sup>p < .10. \*p < .05. \*\*p < .01.

Table 2  
Parameter Estimates for the Actor & Partner Effects of Power Distance on Distributive Tactics in Intra- & Intercultural Negotiations

Fixed comp.	Intracultural negotiation						Intercultural negotiation					
	Distributive positioning			Distributive persuasion			Distributive positioning			Distributive persuasion		
	<i>b</i>	<i>t</i>	<i>r</i>	<i>b</i>	<i>t</i>	<i>r</i>	<i>b</i>	<i>t</i>	<i>r</i>	<i>b</i>	<i>t</i>	<i>r</i>
<b>American managers</b>												
Actor's PD	.03	1.58	.18	.00	0.09	.01	-.06	-1.58	.28	.04	1.60	.29
Partner's PD	-.01	-0.59	.07	.02	1.09	.12	.04	1.33	.24	<b>-.04*</b>	<b>-2.32</b>	<b>.40</b>
<b>Chinese managers</b>												
Actor's PD	-.01	-0.30	.03	.01	0.59	.07	-.05	-1.24	.23	<b>.04+</b>	<b>1.73</b>	<b>.32</b>
Partner's PD	.00	0.89	.11	.02	1.42	.17	.09	1.44	.25	<b>-.07+</b>	<b>-1.94</b>	<b>.34</b>
<b>American employees</b>												
Actor's PD	.01	0.54	.06	<b>.03*</b>	<b>1.99</b>	<b>.23</b>	.02	0.35	.06	-.03	-0.70	.12
Partner's PD	.01	0.30	.04	.01	0.68	.08	.00	0.12	.02	.00	0.04	.01
<b>Chinese employees</b>												
Actor's PD	.02	1.11	.13	.00	0.29	.03	.03	1.00	.19	-.03	-1.14	.21
Partner's PD	.00	0.02	.00	<b>.04**</b>	<b>2.74</b>	<b>.30</b>	-.00	-0.02	.00	.01	0.19	.04

Note. Values that indicate significant effects are bold-faced.

+*p* < .10. \**p* < .05. \*\**p* < .01.

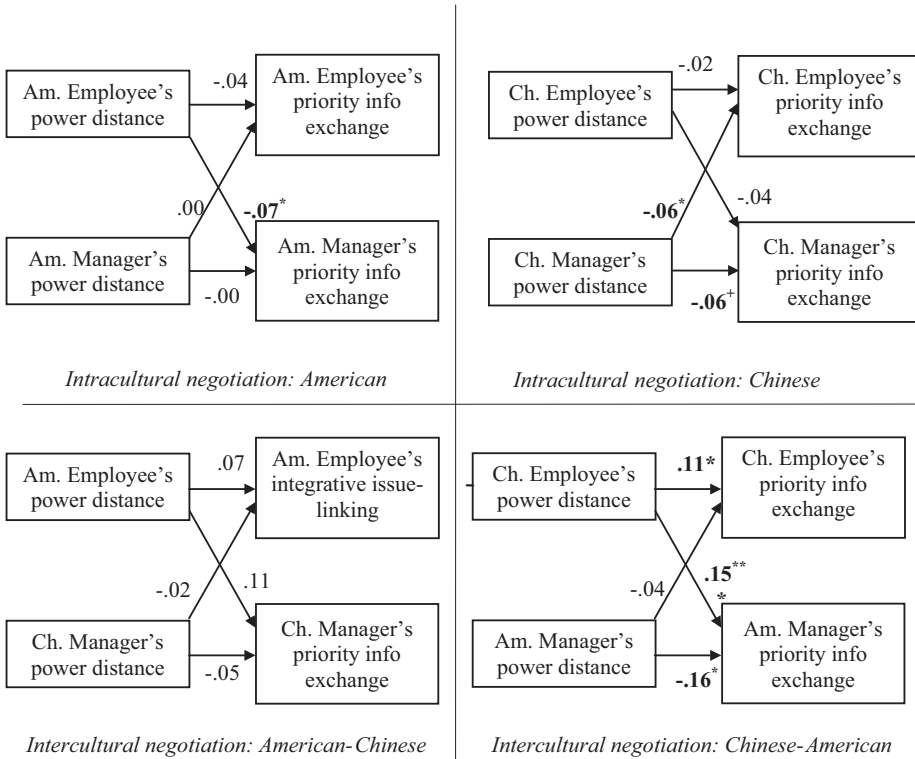


Figure 1. APIM models of the actor and partner effects of power distance values on priority information exchange in intra- and intercultural negotiations. Note: +*p* < .10, \**p* < .05, \*\**p* < .01.

Table 3  
Means and Standard Deviations of Power Distance Values Based on Culture, Role, and Negotiation Context

	Intracultural negt.		Intercultural negt.		t	df	d
	M	SD	M	SD			
American managers (N = 32)			(N = 17)				
Priority info exchange	-.81	.25	-1.07	.31	-3.17**	47	0.92
Integrative issue-linking	-.61	.27	-.74	.26	-1.51	47	0.49
Relationship building	-.59	.14	-.78	.22	-3.59***	47	1.03
Distributive positioning	-.44	.14	-.58	.16	-3.22**	47	0.93
Distributive persuasion	-.42	.12	-.30	.10	3.43**	47	1.09
Chinese managers (N = 35)			(N = 17)				
Priority info exchange	-1.00	.21	-1.01	.23	-.23	50	0.05
Integrative issue-linking	-.73	.23	-.73	.23	.00	50	0.00
Relationship building	-.64	.16	-.72	.20	.06	50	0.44
Distributive positioning	-.47	.15	-.46	.14	1.29	50	0.07
Distributive persuasion	-.36	.13	-.32	.08	-1.57	50	0.37
American employees (N = 32)			(N = 17)				
Priority info exchange	-.68	.21	-1.00	.18	-5.46***	47	1.64
Integrative issue-linking	-.59	.20	-.76	.16	-3.10**	47	0.94
Relationship building	-.61	.14	-.80	.24	-3.59***	47	0.97
Distributive positioning	-.43	.16	-.48	.15	-.95	47	0.32
Distributive persuasion	-.34	.12	-.33	.10	.18	47	0.09
Chinese employees (N = 35)			(N = 17)				
Priority info exchange	-.93	.21	-.89	.21	.71	50	0.19
Integrative issue-linking	-.81	.18	-.76	.23	.88	50	0.24
Relationship building	-.74	.20	-.76	.24	.41	50	0.09
Distributive positioning	-.42	.13	-.46	.12	.86	50	0.32
Distributive persuasion	-.29	.09	-.32	.09	.77	50	0.33

Note. \*p < .05. \*\*p < .01. \*\*\*p < .001.

types of bargaining tactics as the dependent variables, and negotiation context (intracultural vs. intercultural) as the independent variable, for each culture-role combination. Results, which are summarized in Table 3, showed that both American employees and American managers used significantly fewer priority information exchange and relationship building in intercultural negotiations; American employees also used significantly fewer integrative issue-linking, whereas American managers used significantly more distributive persuasion in intercultural negotiations. H2b and H2d were supported. However, neither Chinese employees nor Chinese managers exhibited any change in the frequency of bargaining tactics in intracultural versus intercultural negotiations. H2a was not supported, but H2c was supported. Finally, results also showed that American managers used significantly fewer distributive positioning in intercultural than intracultural negotiations, contradicting H2d.

### Discussion

Existing research suggests that the influence of cultural values, such as individualism/collectivism, on intercultural negotiators' bargaining tactics varies depending on their bargaining role (Cai et al., 2000). The process can be more complicated when intercultural negotiators in different bargaining roles also differ in their respective power statuses, as culturally different role-specific scripts not only guide negotiators' own negotiation behavior, but also how they interpret and respond to their culturally different counterpart's behavior. The current study is designed to assess the complex process

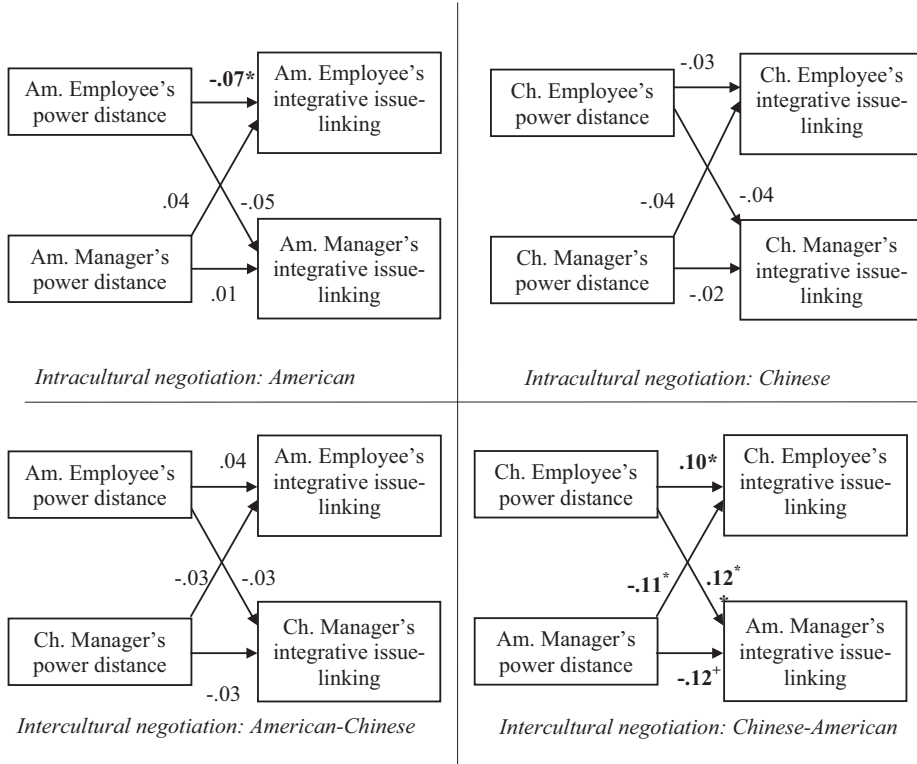


Figure 2. APIM models of the actor and partner effects of power distance values on integrative issue-linking in intra- and inter-cultural negotiations. Note:  $^+p < .10$ ,  $*p < .05$ ,  $**p < .01$ .

whereby negotiators' PD values interact with their status-based bargaining role to influence both their own, and their counterpart's negotiation tactics in both intracultural and intercultural negotiations, as well as the amount of behavioral adjustment exhibited by negotiators of different cultures and roles. This section reviews major findings of the study and discusses their theoretical and practical implications.

### PD Values, Bargaining Role, and Negotiation Context

Findings of this study showed that power distance, a relatively understudied cultural value dimension, interacts with both status-based bargaining role and negotiation context in shaping negotiators' bargaining tactics for members of different cultural backgrounds. In addition, the study is one of the first to demonstrate that in negotiations that involve differential power status between negotiating parties, the counterparts' PD values are as important as negotiators' own in explaining their use of negotiation strategies.

*In intracultural negotiations*, when negotiators supposedly have compatible cultural schemas about what constitutes appropriate behaviors for their respective role and status, PD values were found to produce similar effects on bargaining tactics for both employees and managers. Specifically, for Chinese employees, PD values were negatively associated with relationship building, whereas for Chinese managers, PD values were negatively associated with priority information exchange. Similarly, for American employees, PD values were negatively associated with integrative issue-linking, but for American managers, PD values did not affect their bargaining tactics.

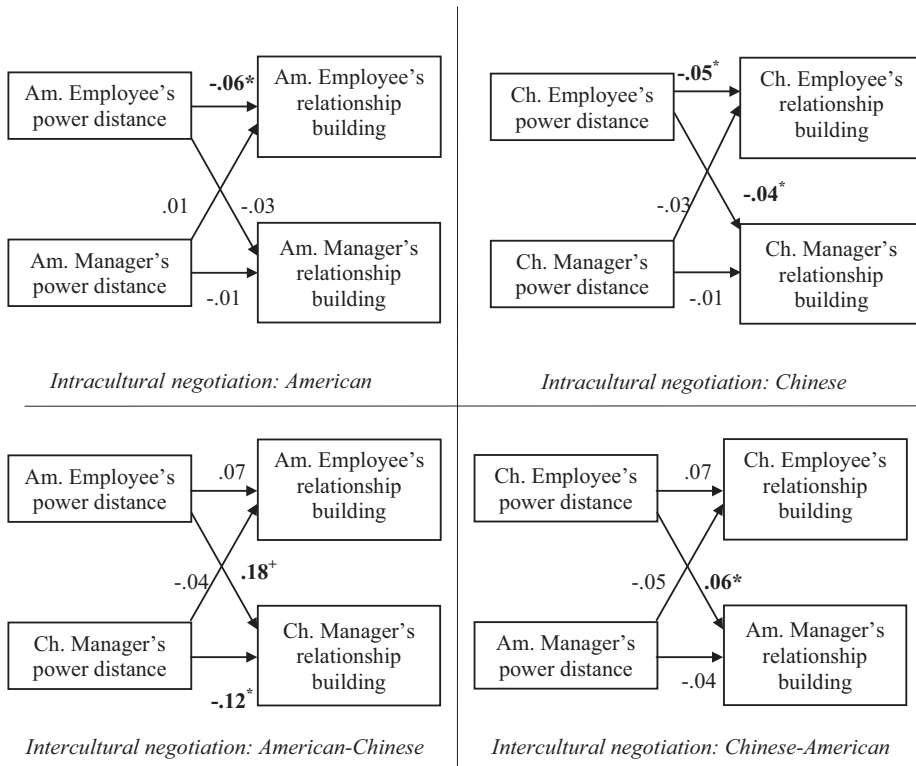


Figure 3. APIM models of the actor and partner effects of power distance values on relationship building in intra- and intercultural negotiations. Note:  $^+p < .10$ ,  $*p < .05$ ,  $**p < .01$ .

In addition, in intracultural negotiations, PD values produced largely consistent actor and partner effects: partner's PD values were negatively associated with integrative tactics and positively associated with distributive tactics for both managers and employees in both Chinese and American cultures. For Chinese managers, the higher their partner's PD values, the fewer relationship building tactics they used. For American managers, the lower their partner's PD values, the more priority information exchange they used. For Chinese employees, the higher their partner's PD values, the more distributive persuasion they used. These behavioral patterns are largely reciprocal, as they mirror the behavioral patterns of their intracultural counterparts.

These findings provide additional explanations for culturally prototypical behaviors identified in the existing literature (Brett & Okumura, 1998): Whereas American negotiators use more integrative tactics in intracultural negotiations, suggesting connection between an interest-based schema and low PD values, Chinese negotiators use fewer integrative tactics, suggesting connection between a power-based schema and high PD values. In addition, although the power distance literature defines Chinese subordinates' prototypical behaviors as obedient and cooperative when interacting with high-status counterparts, findings from this study showed that as Chinese employees inferred higher PD values from their Chinese managers, they were more likely to use distributive persuasion. However, American employees' bargaining tactics were not influenced by their counterparts' PD values. The findings are consistent with research that found Chinese negotiators to exhibit more distributive reciprocity (Liu, 2011) and to be more susceptible to the influence of their high-status counterpart than American counterparts (Brew & Cairns, 2004; Liu & Wilson, 2011), but provided empirical evidence that power distance served as a

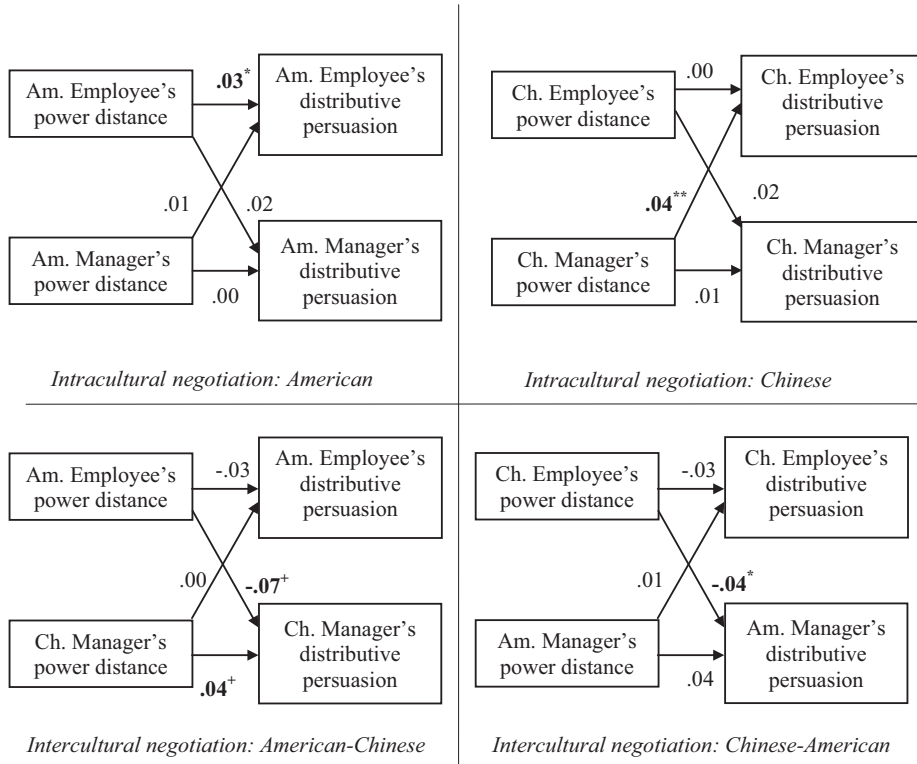


Figure 4. APIM models of the actor and partner effects of power distance values on distributive persuasion in intra- and inter-cultural negotiations. Note: +*p* < .10, \**p* < .05, \*\**p* < .01.

useful theoretical mechanism for explaining changes in bargaining tactics: The higher PD values, the more distributive tactics negotiating parties use when their counterpart comes from the same cultural background.

The study found that *in intercultural negotiations* where the counterpart's role-specific schemas (i.e., PD values) clash with one's own, PD values produced the opposite effects on bargaining tactics for high-status versus low-status negotiators in both Chinese and American cultures. Specifically, for Chinese employees, PD values were positively associated with priority information exchange and integrative issue-linking when negotiating with an American manager. Given that for Chinese employees, PD values were negatively associated with relationship building when negotiating with a Chinese manager, this finding suggests that the higher PD values, the more likely Chinese employees are to adjust their negotiation behaviors to match the culturally prototypical behaviors of their American counterpart in intercultural negotiations. However, this effect was nonsignificant for American employees. This is consistent with the existing literature that found Chinese negotiators to be more affected by PD values than American negotiators (Brew & Cairns, 2004). The study provides support for the dynamic constructivist view of culture that cultural schemas (i.e., PD values) may produce different effects on negotiation behaviors when they are activated in different bargaining contexts. Whereas higher PD values are associated with greater distributive reciprocity among negotiators from the same cultural background, they can promote behavioral adjustment in intercultural negotiations for low-status negotiators.

For high-status negotiators, PD values were negatively associated with relationship building and positively associated with distributive persuasion for Chinese managers and were negatively associated with

priority information exchange and integrative issue-linking for American managers. These findings suggest that the effects of PD values on bargaining tactics are consistent for high-status negotiators regardless of whether their counterpart comes from the same or different cultural background. The higher PD values they have, they more likely they are to refrain from integrative tactics or increase distributive tactics in both intracultural and intercultural contexts. The findings also suggest that in intercultural negotiations, high-status negotiators are less likely to engage in behavioral adjustment than low-status negotiators.

Furthermore, in intercultural negotiations, PD values produced consistent partner effects on bargaining tactics for high-status negotiators compared with intracultural negotiations, but opposite partner effects for low-status negotiators. Specifically, for Chinese employees, partner's PD values were positively associated with their distributive persuasion, whereas for Chinese managers, partner's PD values were positively associated with relationship building and negatively associated with distributive persuasion. In a similar vein, for American managers, partner's PD values were positively associated with priority information exchange and negatively associated with distributive persuasion. Again, these findings suggest that low-status negotiators are more likely to adjust their behaviors in intercultural negotiations than high-status negotiators due to a weaker power status.

### **PD Values, Bargaining Role, and Behavioral Adjustment**

Comparisons of bargaining tactics across negotiation contexts for negotiators of different cultures and status further demonstrated that compared with Chinese negotiators, American negotiators exhibited more behavioral adjustment when negotiating with a Chinese counterpart than vice versa. Specifically, both American employees and American managers used fewer integrative bargaining tactics in intercultural negotiations than intracultural negotiations, such as priority information exchange, integrative issue-linking, and relationship building, which are culturally prototypical negotiation behaviors for Americans. In addition, American managers used more distributive persuasion in intercultural negotiations than intracultural negotiations, which is a culturally prototypical behavior for their Chinese counterparts (Liu, 2009; Lügger et al., 2015). Such behavioral differences suggest that American negotiators adjusted their bargaining tactics to match those of their Chinese counterparts. On the other hand, neither Chinese employees nor Chinese managers exhibited any difference in their use of bargaining tactics between intracultural and intercultural negotiations. These findings are consistent with Lügger et al.'s (2015) research that found German negotiators to exhibit more behavioral adjustment than Chinese negotiators, but contradicted Adair et al.'s (2001) research that found Japanese negotiators to exhibit more behavioral adaptation than American negotiators.

Although both Lügger et al. (2015) and Adair et al. (2001) considered cultural background (assertiveness, human orientation, hierarchical vs. egalitarian culture, descriptive accounts of negotiation behavior) as possible explanations for such difference, none of the theoretical considerations were empirically assessed. Through multilevel analyses unpacking the effects of PD values on both negotiators' own and their counterpart's bargaining tactics, the current study demonstrated that PD values may serve as a useful mechanism for explaining contextual variations in bargaining tactics. For example, for American managers, their integrative tactics (priority information exchange and/or integrative issue-linking) were negatively associated with their American partner's PD values, but positively associated with their Chinese partner's PD values, suggesting that they interpreted and responded to partner's PD values differently based on their partner's cultural background: In the American culture, low PD values are associated with an equalitarian mindset and interest-based integrative tactics, whereas in the Chinese culture, low PD values are associated with lack of respect for authority and power-based distributive tactics. Therefore, the study provides empirical evidence for what Adair et al. (2009) referred to as an "intercultural negotiation schema," or a schema that reflects negotiators' "expectations of the other party's assumptions



about negotiating” instead of their own cultural assumptions (p. 139). In addition, as Chinese employees’ PD values were positively associated with both their own, and those of American managers’ integrative tactics (priority information exchange and integrative issue-linking), such behavioral adjustment also reflects negotiators’ natural tendency to reciprocate, a theoretical explanation that was considered but not empirically assessed in existing research (Lügger et al., 2015).

Similar patterns were observed among Chinese managers. Although their bargaining tactics did not differ significantly in intracultural versus intercultural negotiations, results from multilevel analyses showed that Chinese managers’ relationship building tactics were negatively associated with their Chinese partner’s PD values, but positively associated with their American partner’s PD values, suggesting that they also interpreted and responded to partner’s PD values differently based on their partner’s cultural background. Similarly, Chinese managers’ distributive persuasion tactics were positively associated with their own PD values, but negatively associated with their American partner’s PD values. Scholars have (2015) attributed behavioral adjustment in intercultural negotiations to interpersonal sensitivity (Lügger et al., 2015), cross-cultural adaptation skills, and motivation (Adair et al., 2001). For example, Adair et al. (2001) reasoned that Japanese negotiators exhibited more adaptive behaviors in intercultural negotiations because coming from a high-context communication culture, they were more sensitive to their partner’s bargaining tactics. Although the current study found opposite results, it provides empirical evidence for a similar underlying mechanism. It suggests that behavioral adjustment can be attributed to negotiators’ detection of partner’s PD values. For example, both American managers’ and Chinese managers’ culturally prototypical behaviors (e.g., integrative issue-linking vs. distributive persuasion) can be reinforced by their partner’s culturally different PD values. The fact that Chinese managers did not exhibit significant behavioral adjustment in intercultural negotiations is likely because they were more sensitive and practiced “schematic overcompensation” by inferring low PD values from their American employees’ behaviors, such as direct information exchange.

On a practical level, although overall, American managers used fewer integrative tactics in intercultural than intracultural negotiations, the partner effects of PD values suggest that Chinese employees should communicate higher PD values to restore American managers’ tendency to engage in integrative reciprocity. Although the United States is a low PD culture where employees are encouraged to confront supervisors directly with disagreements and criticisms, it may not be desirable for low-status internationals to “do what Romans do” in their intercultural negotiation with American supervisors because the same behaviors can produce opposite effects due to “schematic overcompensation” (when negotiators use their partner’s cultural assumptions of negotiating as an interpretive framework instead of their own, Adair et al., 2001, p. 139). The current study provides empirical support for Adair et al. (2001) notion of “schematic overcompensation” when the same PD values produced different effects on bargaining tactics of negotiators from different cultures in intercultural negotiations.

On the other hand, although overall, Chinese managers did not exhibit any difference in their use of bargaining tactics in intracultural versus intercultural negotiations, the partner effects of PD values suggest that Chinese managers used fewer relationship building and more distributive persuasion tactics when their American counterpart communicated low PD values. The fact that American employees used more integrative tactics in intracultural than intercultural negotiations and that their PD values were associated with their bargaining tactics in intracultural but not intercultural negotiations suggests that American employees “did what Romans do,” behaviorally matching the bargaining tactics of Chinese negotiators in intercultural negotiations. Such behavioral adjustment may communicate lower PD values to Chinese managers and are associated with fewer integrative and more distributive tactics. Therefore, when an American employee works in a high PD culture, it is helpful to be mindful of how their behaviors may be interpreted by host nationals. “Doing what Romans do” and exhibiting similar behavioral patterns might suppress their culturally prototypical behaviors (e.g., more integrative tactics) that can otherwise be positively viewed. Understanding these underlying mechanisms may help to attenuate the effect of schematic overcompensation as noted by Adair et al. (2001).

## Future Directions and Limitations

Despite the considerable insights generated from the study, we must take caution in making generalizations. First, data collection for the study presented a significant challenge; as a result, the sample size was relatively small. Although participants received a monetary incentive to participate in an hour-long negotiation study at an interaction laboratory, it took over two years to finish data collection. As the sample size made it challenging to assess and interpret complicated statistical models, such as three-way interactions between culture, role, and negotiation context, analyses were simplified by creating a culture-role variable that has four categories: American employees, Chinese employees, American managers, Chinese managers. Despite the small sample size and potentially weak statistical power, the study still detected many significant effects. Nevertheless, future research should replicate the study with a larger sample.

Second, participants were undergraduate and graduate students with limited work experience. Although an employment contract negotiation scenario was used that partly matched their experiences as prospective employees, those playing the role of the hiring manager might have had little experience serving in that role. Future research should replicate the study by recruiting more work professionals who are more experienced in leadership roles. Third, the Chinese sample in this study consisted of sojourners to the United States rather than natives residing in China. Given the increasing number of Chinese immigrants in the United States who will inevitably engage in intercultural negotiation with Americans, the study provides useful insight into their and their counterpart's behavioral patterns, although due to their exposure to the U.S. culture, they are often expected to exhibit more behavioral adjustment in intercultural settings than natives residing in China. Findings from this study reveal patterns that are similar to resident Chinese in their lack of behavioral adjustment (Lügger et al., 2015). Nevertheless, future research should replicate the study with resident Chinese samples to validate the generalizability of the findings.

Despite these limitations, the study provides important insights into the extent to which negotiators from different cultural backgrounds engage in behavioral adjustment when moving from intracultural to intercultural negotiation settings, especially when their counterpart has a different power status. Theoretically, it provides empirical support for a situational approach to studying culture and negotiation by assessing how power distance values interact with both status-based bargaining role and negotiation context in shaping both negotiators' own, and their counterpart's bargaining tactics. Future research should continue to compare intracultural and intercultural negotiations to delineate and explain ways in which negotiators maintain or modify their culturally prototypical behaviors when negotiating across cultural boundaries.

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