The business negotiation styles of Taiwanese and Philippine Chinese were examined by means of 460 survey questionnaires. The design was based on the dual concern model developed by Pearson (1999) from the theory proposed by Blake and Mouton (1985) and explored the tendencies of negotiations and 5 negotiation category styles of accommodation, collaboration, avoidance, competition, and consultation. Results indicated that although both Taiwanese and Philippine Chinese belong to the Chinese culture, there are cultural differences. Philippine Chinese were more inclined to use the negotiation styles of accommodation and withdrawal, whereas Taiwanese used competition more, indicating that the Taiwanese tended to be more aggressive.

Keywords: business negotiation style, dual concern model, Taiwan, Philippine Chinese.

The Philippines is the 14th largest trading partner with Taiwan, while Taiwan is the sixth largest trading partner with the Philippines. In respect of bilateral enterprise investment, the two countries also have a close relationship. According to data from the Investment Commission of the Ministry of Economic Affairs, Taiwan is the seventh largest foreign investment country worldwide, mainly investing in cement, textiles and apparel, machinery and equipment, rubber and plastic products, and electronic products (Bureau of Foreign Trade, Ministry of Economic Affairs, 2008). As a result, Taiwan and the Philippines are important trading partners.

Despite the fact that both Taiwanese and Philippine Chinese originate from the same Chinese culture, and that most Philippine Chinese are second or third
generation, various subcultural groups have been found to have come into being out of different environments and backgrounds. Whether or not the Taiwanese and Philippine Chinese handle conflicts in business negotiations in different ways, as a result of subcultural influence, was the subject of this study.

**LITERATURE REVIEW**

**TAIWANESE BUSINESS NEGOTIATION STYLES**

Chang (2006) described the negotiation styles of ordinary Taiwanese merchants as consisting of the following seven characteristics: (a) They would try to establish a friendly and harmonious atmosphere at the beginning of a negotiation; (b) During the negotiation process, they would usually hold firm and seldom waver easily; (c) During the negotiation process, they would refer to related studies and consult experts and consultants for advice; in this way, they would accumulate negotiation information that may serve as a bargaining chip in negotiations; (d) When a negotiation hits a bottleneck, they usually propose that both sides make concessions with each other; (e) During the negotiation process, they are good at utilizing stalling tactics in the form of “retreating in order to advance” or “acquiring information”; (f) At the negotiation table, they usually take the opposite stance to their opponent, when no specific cooperation agreement is achieved; (g) When negotiating, they are good at utilizing their strong points to attack their opponents’ weak points, or taking such weak points as their bargaining chips.

**PHILIPPINE CHINESE BUSINESS NEGOTIATION STYLES**

*Trust and harmony*  Older generation Chinese merchants in Southeast Asia strongly emphasized business trust. They attached a significant amount of importance to the human relationship, rather than contracts, and relied on building up a network of business friendships based on mutual trust rather than using the legal system. When there were business disputes, they tended to settle their disputes out of court, instead of under the mediation of Chinese organizations and the overseas Chinese business community, so as to avoid losing face (Zhou, 2006).

*Ethnic groups and relationships*  Traditional Chinese culture stresses family identification. The inclination of the Chinese to pan-familism deprives them of a group consciousness, other than their own clans (Yang, 1993). Most of the first Chinese inhabitants in the Philippines married native Filipinos. As a result, the group known as Chinese mestizos\(^1\) came into being soon after Chinese began living in the Philippines. At the end of the 17th century, mestizos had

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\(^1\) A Spanish word used in the Philippines to describe people of Filipino and Chinese ancestry.
become a social stratum in the Philippines and inherited the wealth and business skills of their Chinese ancestors (Wickberg, 1964). But many of the younger generations of Chinese in the Philippines had received an advanced education in the Philippines. They have felt unfamiliar with Chinese culture and are often culturally estranged from the older generation of Chinese. Today they usually identify themselves as part of the Philippines (Hsu & Cao, 1999).

Social networks Chinese Filipinos involve themselves, or their enterprise groups, in educational and charitable causes. By doing so, they establish extensive social networks for themselves (Zhou, 2006). Marriage is the most important link among the Chinese. Two families can become in-laws through marriage and naturally form a larger family and business conglomerate (Lo, 2006).

Interest in politics Older generation Chinese in the Philippines assume an attitude of being outside mainstream society, in spite of them being citizens of the Philippines. As a result, Philippine Chinese do not comment critically on politics and current affairs. When they run into trouble, they are bound by traditional thoughts and as a result they still resort to money as the major pathway to solutions of political and economic problems (Hsu, 2002).

Chinese organizations There are various Chinese organizations with increasingly complicated internal structures in the Philippines. These social organizations, in spite of their number and complexity, expand in terms of positions merely for the sake of formality (Chen, 1965); however, because these organizations can subtly suppress competition and conflict, they maintain the internal equilibrium and stability of the society. Meanwhile, as more and more people join in, a larger Chinese society is formed, bringing about a safe atmosphere, which can offset the emptiness and apprehension caused by cultural crises (Shi, 1985).

Dual Concern Model

The dual concern model was developed by Blake and Mouton (1985) and consists of two dimensions: concern for oneself and concern for a third party. There are five negotiating patterns within this model: competition, accommodation, withdrawal, collaboration, and consultation.

Competition is assertive and uncooperative. When competing, an individual pursues his/her own concerns at the other person’s expense. The individual only focuses on his/her own interests and does not care about the other’s expectations. This is a power-oriented mode in which the individual uses whatever power seems appropriate to win position. Competing means “standing up for one’s rights”, defending a position that the individual believes is correct, or simply trying to win.

Accommodation is unassertive and cooperative, the complete opposite of competing. When accommodating, the individual neglects his/her own concerns to satisfy the concerns of the other person; there is an element of self-sacrifice in
this mode. Accommodating might take the form of selfless generosity or charity, obeying another person’s order when the individual would prefer not to, or yielding to another’s point of view.

Withdrawal is unassertive and uncooperative. When the person neither pursues his/her own concerns nor those of the other individual, he/she is withdrawing. Thus, he/she does not deal with the conflict. He/she may only feel comfortable in a nonthreatening situation. Withdrawing might take the form of diplomatically sidestepping an issue, postponing an issue until a better time, or simply withdrawing completely from a threatening situation.

Collaboration is both assertive and cooperative. Collaboration is the complete opposite of avoiding. Collaborating involves an attempt to work with others to find a solution that fully satisfies their concerns. It means probing into an issue to pinpoint the underlying needs and wants of the two individuals. Collaboration between two people might take the form of exploring a disagreement to learn from each other’s insights or trying to find a creative solution to an interpersonal problem. In this context, both parties hope to reach a mutual understanding.

Consultation is focusing on a person’s low confidence and high amount of cooperation. The target of consultation is yielding.

The research framework design was composed of these five negotiation patterns.

RESEARCH HYPOTHESES

Based on the literature review and the model described above, the following five research hypotheses were proposed for this study:

H1: There will be a significant difference between Taiwan and Philippine Chinese small and medium enterprise (SME) accommodation negotiation patterns.

H2: There will be a significant difference between Taiwan and Philippine Chinese SME collaboration negotiation patterns.

H3: There will be a significant difference between Taiwan and Philippine Chinese SME withdrawal negotiation patterns.

H4: There will be a significant difference between Taiwan and Philippine Chinese SME competition negotiation patterns.

H5: There will be a significant difference between Taiwan and Philippine Chinese SME opinions on a third party’s consultation negotiation pattern.

METHOD

PARTICIPANTS AND PROCEDURE

Participants were employees in small and medium enterprises (SMEs) in the Philippines and Taiwan. There were 460 questionnaires issued, 334 were returned (72% response rate). Of the 334 that were returned, 309 were deemed as usable, for an effective response rate of 92%. Of the effective responses, 154 were from
Taiwanese SMEs and 155 were Philippine Chinese SMEs. In terms of marital status, 55% of respondents were married. In terms of age, 97.9% of respondents were over the age of 40.

Respondents (177 females = 57.3%; 130 males = 55%) were randomly assigned either Questionnaire A (business conflict) or Questionnaire B (friend conflict). They were then asked to answer a series of questions about the negotiation styles they adopted for conflict situations.

RESULTS

ANALYSIS OF VALIDITY

Cronbach’s α represents the level of validity (see Table 1), where a value of 0.7 or better is considered as acceptable. Cronbach’s α for four negotiation types in the finalized questionnaire was 0.7 or better, indicating a high level of validity. Though the value of withdrawal was between 0.6 and 0.7, it was still deemed by scholars as an acceptable value.

<table>
<thead>
<tr>
<th>Negotiation type</th>
<th>Cronbach’s α</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accommodation</td>
<td>.842</td>
</tr>
<tr>
<td>Collaboration</td>
<td>.707</td>
</tr>
<tr>
<td>Withdrawal</td>
<td>.638</td>
</tr>
<tr>
<td>Competition</td>
<td>.743</td>
</tr>
<tr>
<td>Consultation</td>
<td>.845</td>
</tr>
</tbody>
</table>

TESTING HYPOTHESES

To better understand whether those employed in Taiwanese and Philippine Chinese SMEs are significantly different in terms of negotiation types used, a t test was conducted using subculture as the independent variable. The results are shown in Table 2.

<table>
<thead>
<tr>
<th></th>
<th>Taiwanese (n = 155)</th>
<th>Philippine Chinese (n = 154)</th>
<th>t</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>M</td>
<td>SD</td>
<td>M</td>
</tr>
<tr>
<td>Accommodation</td>
<td>65.4678</td>
<td>12.42745</td>
<td>57.45595</td>
</tr>
<tr>
<td>Collaboration</td>
<td>72.4774</td>
<td>12.41874</td>
<td>62.0260</td>
</tr>
<tr>
<td>Withdrawal</td>
<td>32.8323</td>
<td>7.70126</td>
<td>28.4026</td>
</tr>
<tr>
<td>Competition</td>
<td>48.53075</td>
<td>13.3351</td>
<td>48.8939</td>
</tr>
<tr>
<td>Consultation</td>
<td>61.7032</td>
<td>14.95282</td>
<td>53.6234</td>
</tr>
</tbody>
</table>

* p < .05, ** p < .01
In the category of accommodation, the subcultural difference was significant \((t = -4.170, p < .01)\), indicating that the Philippine Chinese SME employee leaned more towards accommodation than did the Taiwanese SME employee. The Philippine Chinese were also more likely to comply with their opponents’ demands. This is thought to have something to do with the Philippines cultural environment. The fact that the Philippines were formerly ruled by the USA and Spain also reduces the Philippine people’s power in leading negotiations with those countries.

For the category of collaboration, the subcultural difference was insignificant \((t = -1.608, p > .05)\), indicating that SME groups from both subcultures were capable of a cooperation that relies on reasoning. When a negotiation is guided by reasoning, collaboration is naturally demonstrated.

For the category of withdrawal, the subcultural difference was significant \((t = -4.170, p < .01)\), indicating that the Philippine Chinese SME employees leant more towards withdrawal than did their Taiwanese counterparts. Philippine Chinese were also more likely to avoid their opponents’ requests. This is similar to the result for accommodation. Apparently, the Philippine Chinese not only leant towards complying with their opponents’ requests, they also avoided them, indicating that the people in Philippine Chinese SMEs are more likely to be passive in negotiations. The possible causes of this may be similar to those suggested for causing the style of accommodation.

In the category of competition, the subcultural difference was significant \((t = 6.113, p < 0.01)\), indicating that the Taiwanese SME employees leant more towards competition and were more likely to deal with competitors face-to-face. As mentioned in the category of accommodation, Philippine Chinese are more likely to comply, and are naturally less likely to deal with negotiations in a competitive style, unlike the Taiwanese SME, who are from a more democratic and more prosperous society and who are used to a more competitive business environment. Thus, the Taiwanese demonstrated a greater tendency towards competition.

For the category of consultation, the subcultural difference was insignificant \((t = 0.261, p > .05)\), indicating both groups showed a similar reaction to having a third party in their negotiation. They both preferred to have comments from a third party. This could be because both regions have a similar level of social-cultural maturity.

**DISCUSSION**

Generally speaking, the negotiation tendency of both groups was influenced by their local cultures. Although Taiwanese and Philippine Chinese both belong to the Chinese culture, there are cultural differences between these two subcultural
groups. The Philippine Chinese in this study leant more towards the negotiation styles of accommodation and withdrawal, whereas the people in Taiwan leant more towards competition, indicating that the Taiwanese were more aggressive. However, people from both regions showed a similar level of use of collaboration and consultation in negotiation, indicating that both regions have mature social values and regulations and a good environment for these types of negotiation.

Compared to Chinese Filipinos, the Taiwanese were more likely to choose competition negotiation to resolve business transaction conflicts than to resolve conflicts between friends. This indicates that Taiwanese enterprises are primarily under the influence of western culture, economic philosophy, and trade philosophies (Lii, 2006; Meng, Zheng, & Lai, 2005). They are also being affected by traditional Chinese relationship-oriented philosophy. As a result, they are not afraid to compete directly with rivals when confronted with business conflicts.

Chinese Filipinos tend to use competition negotiation to resolve conflicts with friends and this demonstrates the hardships Chinese Filipinos experience in making a living in a foreign country; it also reflects a psychological factor in Chinese Filipinos that they hope others should treat them as Filipinos. They must compete, not only with Filipinos, but also with friends (Shi, 1985).

The interpersonal relationships of Chinese people in their traditional cultural practice is maintained by means of mutual trust; however, traditional Chinese also rely on family associations for the suppression of head-on conflicts (Shi, 1985). However, unlike their elders, the younger generations of Chinese are quick to criticize and are contemptuous of behavior they consider inappropriate in the Chinese mestizos’ society (Hsu, 2002).

Taiwanese not only tended to accommodate their opponent’s requirements, but also showed an inclination to withdraw from negotiations frequently. This indicates that the Taiwanese tended to assume a negative attitude toward negotiations when confronted with tough opponents who refuse to make any concessions. A possible reason may be that Taiwanese entrepreneurs are rather sly and tend to assume a withdrawal attitude first when confronted with extremely strong and tough opponents.

Compared to their Filipino counterparts, Taiwanese entrepreneurs placed more emphasis on collaboration by avoiding conflicts and open opposition, expressing anger or other emotions, and challenging authorities, because they have inherited the tradition of Chinese culture.

In comparison with Chinese Filipino entrepreneurs, Taiwanese entrepreneurs tended to favor consultation by inviting a third party (senior managers or friends) to join in. When confronted with conflict, Taiwanese entrepreneurs did not want to cast aside all considerations or try to avoid an impasse, because they are under the influence of traditional culture. Yang (1992) stated that the Chinese are inclined to behave or react in a passive way in negotiations, as they do not want
to be singled out, scolded, or blamed for the failure of the negotiation. Therefore, when there are disputes within a negotiation, they usually invite a third party to solve the disputes.

REFERENCES
