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The Influence of Overseas Exposure on the Negotiation Styles of Chinese Private Equity Professionals

by

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Abstract

Key Words: China, negotiation, private equity, social psychology, structural equation modelling.

Many cultural and social psychological studies have been conducted at the societal level and at the individual level and generalised for all members in that society. This ignores the fact that there are many distinctive subgroups with their own subgroup cultures within a society. These subgroup cultures also have an influence on individuals, and need to be explored at an individual level. A survey in both English and Chinese was posted to 1,869 Chinese private equity professionals in the People's Republic of China and Hong Kong and resulted in 376 responses. The survey measured the core values and beliefs of individualism, collectivism, power distance, social axioms, Machiavellianism, Confucianism, and preferred negotiation style for those who have had overseas exposure in Anglo-Saxon countries and those who have not. The theories employed in the study were institutional theory, the resource-based view, and social psychological theories. A partial least squares structural equation model was used to determine relationships. Significant differences between Chinese private equity professionals who have worked or studied in Anglo-Saxon countries and those who had not were found for individualism, vertical collectivism, Machiavellian control and status, three aspects of Confucianism, and also the controlling negotiation style. The model devised can be adapted for other societal subgroups to measure, not just preferred negotiation styles, but other important organizational relationship-dependent factors such as leadership style, decision-making, and trust. The model can be employed to further understand many types of organisations and industries anywhere in the world.

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Availability of the Study and the Underlying Data

A hard copy of this study will be held at the Faculty of Management and Law Library at the University of Bradford and an online copy will also be available. The database containing the responses to the survey instrument will be stored by the author for five years at which time it will be destroyed.

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List of Abbreviations

AVE - Average variance extracted
CB-SEM - Covariance-based Structural Equation Model
CVS - Chinese Value Survey
GLOBE - Global Leadership and Organisational Effectiveness Study
HC - Horizontal Collectivism
HI - Horizontal Individualism
MVA - Missing Value Added
OCCI - Organisational Communication Conflict instrument
PE - Private Equity
PLS-SEM - Partial Least Squares Structural Equation Model or Modelling
PRC - People's Republic of China
RBV - Resource-Based View
SEM - Structural Equation Model
UK - United Kingdom
USA - United States of America
VC - Vertical Collectivism
VI - Vertical Individualism
WTO - World Trade Organisation

Notes: Citizens of the PRC and Hong Kong are referred to as Chinese. The term China is used in the study to include the PRC and Hong Kong. Citizens of the United States of America are referred to as Americans. British English rather than American English spelling is used throughout, except for titles of articles or books where the original spelling has been kept.

Chapter 1: Introduction to the Study

Cultural and social psychology studies are seen as important for understanding the behaviour of people from different societies. The studies of Hofstede (1980, 1984), Hampden-Turner and Trompenaars (1993), and many others are evidence of this. However, it is often inappropriate to use cultural-level or individual-level studies of a particular subgroup to generalise for other subgroups in a society. Furthermore, the complexity of many studies means they are of little practical value and are difficult to apply in an organisational setting in any meaningful way.

Hofstede's (1980) cultural dimensions enable users to distinguish between countries, but not differences between individual members of societies. There have been some studies at an individual level, the most notable by Triandis and Gelfand (1998). Nevertheless, many of these studies use university students (Oyserman *et al.*, 2002). As Oyserman and Uskul (2008) point out: 'It requires assuming that commonality in values is an essential or core element of culture.' They go on to state 'it requires assuming generalizability of values across contexts; it requires assuming there is no meaningful values change over time.' Ly (2002) asks: 'Does it make sense to compare French bakers to French engineers? It seems difficult to agree as they have different corporate structures, different types of jobs, different educational and probably socio-economic backgrounds and must then hold different values.' Ly (2002) advises it is difficult to apply Hofstede's results to all employees in all types of occupations within the same country. The very act of being a student is a distinct period in one's life which entails a certain worldview, yet the majority of studies contain the views, thoughts, beliefs, and values of students (Oyserman *et al.*, 2002).

1.1 Problem Statement

The problem of cultural level studies which enable distinguishing between countries, but not individual members of societies, and the use of university students in individual level studies ignores realities. Subgroups will

have had different experiences from those belonging to the main society in many ways such as education, time spent in other countries, and exposure to subgroup culture that may differ from that of the majority in a society.

There is a need for a study conducted at an individual level, using working professionals within a sub-group that can be adapted and modified to be utilized within different cultures, as current models are inadequate to capture differences in societal subgroups. The study will address this problem by providing a practical sub-group based study, that of Chinese PE professionals who engage in negotiations with other firms.

1.2 Purpose Statement

The primary purpose of the study is to determine if an individual's core beliefs and values significantly explain their preferred negotiation styles, and if time spent abroad has influenced their preferences. This was measured by a survey posted to 1,869 PE professionals in the PRC and Hong Kong. The model was analysed using a PLS-SEM. Statistical analysis was performed to see if there was a variation in responses between those individuals who had spent time abroad in Anglo-Saxon countries, and those who had not worked or studied abroad in Anglo-Saxon countries. More information on the method of the study can be found in Chapter 3.

Aside from the financial, the resources of a PE firm are mostly located in the people it employs (Caves, 1980). It is their skills, knowledge, and contacts that influence the success of the firm. Collins (2001) assert that it is not enough to have the right people in the organisation, but it is necessary to have them in the right position within that organisation. In the PE industry, an important skill is the ability to negotiate deals and inappropriate styles can potentially lead to non-optimum results. Therefore, it would be useful to have a means for assessing the values, beliefs, and preferred negotiation styles of PE professionals.

1.3 Nature of the Study

Trochim *et al.* (2006) noted that quantitative studies are suitable to demonstrate the relationship between independent and dependent variables. In the study, there are independent and dependent variables that make a

quantitative approach pertinent. The independent variable is defined as being Chinese from the PRC or Hong Kong and currently working in the PE industry in either of these places and participating in negotiations with other firms. The dependent variables are any time spent working or studying abroad in an Anglo-Saxon country, as well as the reported preferred negotiation style. The values and axioms of many people are investigated as part of the study. A case study approach involving interviewing so many participants would not have been practical. Also, with a potential language barrier and potential for suspicion on being asked belief and value questions by a foreigner, a mixed-methods approach was considered to be not feasible for the study.

The study uses a PLS-SEM to measure the impact of social psychological dimensions. Hair *et al.* (2016) point out that PLS-SEM has advantages over covariance-based (CB) SEM when the data is non-normal and the aim of the research is to validate a putative model, as is the case with the study. Furthermore, PLS-SEM can cope with relatively small sample sizes and can estimate complex models with many latent and manifest variables without estimation problems due to its possessing greater statistical power (Chin and Dibbern, 2007), (Henseler *et al.*, 2009), (Hair *et al.*, 2016). This makes using PLS-SEM ideal in the study, as there was no expectation of a normal distribution, no guarantee an adequate sample size would be returned, and the use of multiple constructs and latent variables necessitated the need for a powerful analysis tool. A more detailed description of the method and design of the study can be found in Chapter 3.

1.4 Research Design

Quantitative research was judged to be suitable for testing the theory. The emphasis of the research is on testing theory rather than on building theory and therefore positivism is a suitable paradigm (Perry *et al.*, 1999). Of the various types of quantitative research designs, the descriptive and causal research designs were chosen. Descriptive research is ideal for describing the characteristics of social psychology in an organisational setting and when the objective of the research is to establish 'cause-and-effect' type relationships, as is the case with social psychological values and beliefs, and negotiation styles.

The variables were quantified in a questionnaire and by so doing the relationship between the variables could be deduced.

A quantitative approach often uses statistical analysis, and uses numerical evidence to draw conclusions or test hypotheses (Bakken, 1996). By employing quantitative research a study can also be replicable, adding to its validity (Kim *et al.*, 1998). The alternative, qualitative research is better employed for gathering a large amount of information about a small number of people where the information is not reducible to numbers.

1.5 Research Hypotheses

The study explores whether certain values and beliefs influence the preferred negotiation styles of Chinese PE professionals who work in the PRC or Hong Kong and if these have been influenced by working and studying abroad in an Anglo-Saxon environment. The first set of hypotheses concerns the major social psychological characteristics of Chinese PE professionals. The second set of hypotheses concerns the significance of the relationships of the social psychological variables with one another and preferred negotiation styles.

1.5.1 Hypotheses on Social Psychological Dimensions and Negotiation Styles

1.5.1.2 Individualism Hypotheses

H₁: There is a statistically significant difference between the responses on HORIND1 statements of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₂: There is a statistically significant difference between the responses on HORIND2 statements of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₃: There is a statistically significant difference between the responses on VERIND1 statements of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₄: There is a statistically significant difference between the responses on VERIND2 statements of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₀: There is no statistically significant difference between the responses on the individualism statements of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

1.5.1.3 Collectivism Hypotheses

H₅: There is a statistically significant difference between the responses on statement HORCOLL1 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₆: There is a statistically significant difference between the responses on statement HORCOLL2 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₇: There is a statistically significant difference between the responses on statement VERCOLL1 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₈: There is a statistically significant difference between the responses on statement VERCOLL2 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₀: There is no statistically significant difference between the responses on the collectivism statements of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

1.5.1.4 Power Distance Hypotheses

H₉: There is a statistically significant difference between the responses on statement POWDIS1 of Chinese PE professionals who have worked or

studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₁₀: There is a statistically significant difference between the responses on statement POWDIS2 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₁₁: There is a statistically significant difference between the responses on statement POWDIS3 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

1.5.1.5 Confucian Hypotheses

H₁₂: There is a statistically significant difference between the responses on statement CONFU1 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₁₃: There is a statistically significant difference between the responses on statement CONFU2 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₁₄: There is a statistically significant difference between the responses on statement CONFU3 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₁₅: There is a statistically significant difference between the responses on statement CONFU4 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₁₆: There is a statistically significant difference between the responses on statement CONFU5 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₁₇: There is a statistically significant difference between the responses on statement CONFU6 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₁₈: There is a statistically significant difference between the responses on statement CONFU7 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₁₉: There is a statistically significant difference between the responses on statement CONFU8 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₀: There is no statistically significant difference between the responses on the Confucianism statements of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

1.5.1.6 Machiavellian Hypotheses

H₂₀: There is a statistically significant difference between the responses on statement MACHAMOR1 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₂₁: There is a statistically significant difference between the responses on statement MACHAMOR2 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₂₂: There is a statistically significant difference between the responses on statement MACHAMOR3 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₂₃: There is a statistically significant difference between the responses on statement MACHCONTROL1 of Chinese PE professionals who have worked

or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₂₄: There is a statistically significant difference between the responses on statement MACHCONTROL2 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₂₅: There is a statistically significant difference between the responses on statement MACHCONTROL3 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₂₆: There is a statistically significant difference between the responses on statement MACHSTATUS1 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₂₇: There is a statistically significant difference between the responses on statement MACHSTATUS2 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₂₈: There is a statistically significant difference between the responses on statement MACHSTATUS3 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₂₉: There is a statistically significant difference between the responses on statement MACHDISTRUST1 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₃₀: There is a statistically significant difference between the responses on statement MACHDISTRUST2 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₃₁: There is a statistically significant difference between the responses on statement MACHDISTRUST3 of Chinese PE professionals who have

worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₀: There is no statistically significant difference between the responses on the Machiavellianism statements of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

1.5.1.7 Social Axioms Hypotheses

H₃₂: There is a statistically significant difference between the responses on statement SACYNIC1 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₃₃: There is a statistically significant difference between the responses on statement SACYNIC2 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₃₄: There is a statistically significant difference between the responses on statement SACYNIC3 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₃₅: There is a statistically significant difference between the responses on statement SACOMPLEX1 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₃₆: There is a statistically significant difference between the responses on statement SACOMPLEX2 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₃₇: There is a statistically significant difference between the responses on statement SACOMPLEX3 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₃₈: There is a statistically significant difference between the responses on statement SAAPPLIC1 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₃₉: There is a statistically significant difference between the responses on statement SAAPPLIC2 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₄₀: There is a statistically significant difference between the responses on statement SAAPPLIC3 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₀: There is no statistically significant difference between the responses on the social axiom statements of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

1.5.1.8 Negotiation Styles Hypotheses

H₄₁: There is a statistically significant difference between the responses on statement NEGCONTROL1 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₄₂: There is a statistically significant difference between the responses on statement NEGCONTROL2 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₄₃: There is a statistically significant difference between the responses on statement NEGCONTROL3 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₄₄: There is a statistically significant difference between the responses on statement NEGSOL1 of Chinese PE professionals who have worked or

studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₄₅: There is a statistically significant difference between the responses on statement NEGSOL2 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₄₆: There is a statistically significant difference between the responses on statement NEGSOL3 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₄₇: There is a statistically significant difference between the responses on statement NEGNONCON1 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₄₈: There is a statistically significant difference between the responses on statement NEGNONCON2 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₄₉: There is a statistically significant difference between the responses on statement NEGNONCON3 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₀: There is no statistically significant difference between the responses on the negotiation statements of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

1.5.2 Hypotheses on the Relationships between Social Psychological Variables and Negotiation Styles (PLS-SEM)

The following eleven hypotheses concern the validity and strength of the relationships between the social psychological variables and preferred negotiating styles. They have been formulated to be tested by a PLS-SEM and are based on the literature review (Chapter 2) and logic. For the purposes of the

PLS-SEM a medium to strong relationship is defined as a path coefficient of 0.18 or above. A weak relationship is a path coefficient below 0.18. P values are also used to determine whether a significant path coefficient really exists.

H₅₀: Individualism has a strong positive relationship with the controlling negotiating style.

H₀: Individualism does not have a strong positive relationship with the controlling negotiation style.

H₅₁: Individualism has a weak positive relationship with the solution-orientated and non-confrontational negotiation style.

H₀: Individualism does not have a weak positive relationship with the solution-orientated and non-confrontational negotiation style.

H₅₂: Collectivism and power distance has a weak positive relationship with the controlling negotiating style.

H₀: Collectivism and power distance does not have a weak positive relationship with the controlling negotiation style.

H₅₃: Collectivism and power distance has a strong positive relationship with the solution-orientated and non-confrontational negotiation style.

H₀: Collectivism and power distance does not have a strong positive relationship with the solution-orientated and non-confrontational negotiation style.

H₅₄: Confucianism has a strong negative relationship with the controlling negotiation style.

H₀: Confucianism does not have a strong negative relationship with the controlling negotiation style.

H₅₅: Confucianism has a strong positive relationship with the solution-orientated and non-confrontational negotiation style.

H₀: Confucianism does not have a strong positive relationship with the solution-orientated and non-confrontational negotiation style.

H₅₅: Machiavellianism has a strong positive relationship with the controlling negotiation style.

H₀: Machiavellianism does not have a strong positive relationship with the controlling negotiation style.

H₅₆: Machiavellianism has a strong negative relationship with the solution-orientated and non-confrontational negotiation style.

H₀: Machiavellianism does not have a strong negative relationship with the solution-orientated and non-confrontational negotiation style.

H₅₇: Social complexity and reward for application has a weak positive relationship with the controlling negotiation style.

H₀: Social complexity and reward for application does not have a weak positive relationship with the controlling negotiation style.

H₅₈: Social complexity and reward for application has a strong positive relationship with the solution-orientated and non-confrontational negotiation style.

H₀: Social complexity and reward for application does not have a strong positive relationship with the solution-orientated and non-confrontational negotiation style.

H₅₉: Cynicism has a strong positive relationship with the controlling negotiation style.

H₀: Cynicism does not have a strong positive relationship with the controlling negotiation style.

H₆₀: Cynicism has as a weak negative relationship with the solution-orientated and non-confrontational negotiation style.

H₀: Cynicism does not have a weak negative relationship with the solution-orientated and non-confrontational negotiation style.

1.6 Sampling and Data Collection

Surveys allow for standardization so that a researcher can compare the answers and they are an efficient way of collecting data. A survey technique was selected to collect data from a representative sample of a population, as it was considered to be suitable for a study of measurable values and beliefs. A seven-point Likert scale was used for questions as this is the most commonly used questionnaire style for attitudes and opinions. The participants are Chinese PE professionals working in the PRC and Hong Kong. The survey instrument was sent to 1,869 of these, of which 376 responded. Sampling and collection issues are discussed in more detail in Chapter 3.

Those working for funds, regulators, fund providers, and portfolio firms were not surveyed in the study. Those working for the PE firms of non-Western countries such as Japan or Israel (where other informal institutions could play an influencing role) were also excluded.

1.7 Data Analysis

There are many software programs available for data analysis, and 'SPSS' and 'SmartPLS' were selected for this study because of their comprehensiveness.

1.8 Ethics

Ethics are an important aspect of the planning, design, and conduct of research projects (Bryman and Bell, 2003). Researchers must make participants aware of the purpose, procedures, risks, and benefits of their research, as well as the procedures to protect confidentiality (Neuman, 2000). Participation in the study needs to be voluntary, participants must be informed that they have the right to withdraw, they can obtain the results, and that the information they give is confidential. All the guidelines were followed in the study.

1.9 Theoretical and Conceptual Framework

The theories employed in the study are the institutional theory, RBV, and social psychology theories. Contemporary institutional theory has existed for about forty years, and emphasizes the dependence of companies on their environments (Meyer, 2007). Institutional theory employs general multi-dimensional perspectives that make up a broad vision of social life (Meyer, 2007). Institutional theorists emphasize the importance of rules of a political, social, and legal nature, both formal and informal (North, 1990). Examples of formal institutions include the political and legal rules, economic rules, and contracts; and amongst the informal ones are behavioural norms, codes, and conventions that take over when formal constraints are not there (North, 1990).

According to the RBV, a firm's resources at a given time can be defined as those tangible and intangible assets which are tied semi-permanently to the firm (Caves, 1980). Resources and capabilities provide the basic direction of a firm's strategy, and they are the main source of profit for the firm. On their own

few resources can be productive, but require the coordination of resources to produce a capability to perform a task or activity. The RBV maintains that a firm's resources and capabilities underlie its ability to achieve competitive advantage (Penrose, 1959), (Barney, 1991), and especially unique and valuable firm capacities (Black and Boal, 1994).

Capabilities are the attributes of the firm that make it able to create value. It does this by enabling it to carry out an activity more effectively than its competitors which have otherwise similar resource endowments. There are many different types of organisational capabilities. The long-term sustainability of competitive advantage is due to the difficulty of emulating capabilities, and as these resources are acquired over time, and built rather than bought, and therefor capabilities can usually sustain competitive advantage better than tradable assets (Collis, 1994). The resources of a PE firm are mostly located in the people it employs and comprise their skills, knowledge, and contacts. Resources in PE firms, apart from the tangible financial resources it may have acquired are, therefore, found in the 'capabilities' type of resources.

Formal and informal institutions influence values and beliefs, which in turn can influence how individuals view the world and act. It is the values and beliefs that are most important in business environments that are measured in the study. A more detailed discussion of the theoretical framework can be found in Chapter 2.

In the study the relevant values and beliefs that affect transactional negotiations and the preferred transactional negotiation styles in the PE industry in China are measured. The results may be different for this subgroup than those of other subgroups or the general populace of the country. If there are differences these may result in Chinese PE professionals using different negotiation styles than might be assumed from reading the literature on negotiations in Chinese, such as the studies by Fang (1999) or Pye (1982).

1.10 Definitions of Key Terms

Confucianism: A socio-political value system that Confucius and his followers introduced into China. It is an ethical system, consisting of values to guide social, economic, and political behaviour which addresses individual behaviour

and the relationship of the individual with others (Martinsons and Westwood, 1997).

Capabilities: Financial, physical, human, and organisational assets that a company uses to develop, manufacture, and deliver products and services to customers (Barney, 1995).

Collectivism: 'A concern for the in-group and giving the in-group's goals priority over ones' own, maintaining harmony, interdependence, cooperation, and encouraging reciprocity, interlocking responsibilities and obligations, and distinguishing between in-groups and out-groups' (Rhee *et al.*, 1996). For the purposes of this study, vertical collectivism (VC) is considered the in-group which includes one's superiors and inferiors in a work environment. Horizontal collectivism (HC) includes in-group peers and colleagues.

Social Cynicism: 'A negative assessment of human nature, a biased view against some groups of people, a mistrust of social institutions, and a belief that people disregard ethical means in achieving their ends' (Leung *et al.* 2008).

Emic: 'Behaviour as seen by cultural insiders using constructs drawn from self-understandings' (Morris *et al.*, 1999).

Etic: 'Behaviour which can be described from a view external to the culture and can be applied to other cultures' (Morris *et al.*, 1999).

Individualism: 'A feeling of independence, defining oneself independently from in-groups, giving one's own goals priority over the goals of in-groups, and viewing confrontation within the in-group as acceptable' (Rhee *et al.*, 1996).

In-Groups: 'Groups of individuals about whose welfare a person is concerned, with whom that person is willing to cooperate without demanding equitable returns, and separation from whom leads to anxiety' (Triandis, 1990).

Machiavellianism: 'One's propensities to distrust others, engage in amoral manipulation, seek control over others, and seek status for oneself' (Dahling *et al.*, 2009).

Negotiation: 'Negotiation is a process by which people try to settle what each shall give, take, perform, and receive in a transaction between them' (Rubin and Brown, 1975). For the purpose of this study, only negotiations with those from

other firms with which the PE firm already has an investment or is in a stage where it is highly likely to make an investment are considered.

Out-Groups: Groups of individuals 'with which one has something to divide, perhaps unequally, or are harmful in some way, groups that disagree on valued attributes, or groups with which one has a conflict' (Triandis, 1990).

Power Distance: This measures of the use of authority and power, and affects relationships between individuals when they deal with each other (Dorfman and Howell, 1988).

Private Equity: A form of equity investment into private companies not listed on the stock exchange. It is a medium to long-term investment, characterised by active ownership Available at: www.evca.com [Accessed 20 Jun 2015].

Reliability: In the context of the study, this assesses the degree to which the tool measures something, though this may not be what the tool is intended to measure (Lanoee, 2002).

Resource-Based View: A theoretical orientation that views a firm's resources at any given time as the tangible and intangible assets that are tied semi-permanently to the firm (Caves, 1980).

Reward for Application: The belief that effort, knowledge, and planning will lead to positive results (Leung *et al.*, 2002).

Social Axioms: Context-free global attributes or general beliefs that exist for coping with universal problems (Bond *et al.*, 2004a). For the purposes of this study, the social axioms of cynicism, social complexity, and reward for application are used.

Social Complexity: The belief that there are many ways to achieve a given outcome and inconsistency of behaviour in people is commonplace and necessary in different contexts (Leung *et al.*, 2002).

Study Abroad: For the purposes of this study, study abroad refers to the attendance in an institution of higher learning in an Anglo-Saxon country. In the study, all of the participants who studied abroad did so in either the USA or the UK.

Validity: This is concerned with whether the tool measures what it is supposed to measure (Lanoee, 2002).

Values: Guiding principles that can be used to predict behavioural tendencies and transcend specific situations, but cannot be used to predict single instances of behaviour in specific situations (Ajzen and Fishbein, 1977), (Shamir, 1990).

Work Abroad: In the study, all the participants who worked abroad did so either in the USA or the UK.

1.11 Assumptions

It is assumed potential participants have chosen to do so willingly, participants answered truthfully to the best of their abilities, the chosen survey questions were sufficient to measure different aspects of beliefs and values, and the translation of the questions into Chinese was an appropriate translation of the constructs that were measured.

1.12 Limitations

A total of 1,869 Chinese PE professionals were sent the survey and 376 usable responses were returned. The sample was large enough for the purposes of the study. Although, every attempt has been made to use current employee information, the company websites and LinkedIn profiles, which were the sources used to identify PE professionals for this study may have not have been up-to-date, and so not everyone in the database that was constructed from this data may have received the survey that was posted to them.

Missing data in some of the returned surveys was added by using an often-applied statistical technique, but there is the possibility that this added missing data could have skewed the results. Furthermore, some participants may not have understood questions and therefore answered incorrectly, or they may have answered questions without giving due consideration to their real beliefs. Although, this study assures anonymity, concern of government or employer seeing the responses may have influenced some participants to not answer truthfully as well.

Research agencies in the PRC and Hong Kong were utilized to facilitate the process, but there may have been misgivings and mistrust about the research being conducted that could have influenced the answers and response rates and therefore the generalisability of the results.

1.13 Contribution to Business Practice

A branch of psychology, social psychology is the study of how people's thoughts, feelings, and behaviours are influenced by the actual, imagined, or implied presence of others (Ahmed and Li, 1996). There is a need for the leaders of both foreign and domestic Chinese firms to be able to adapt to the environment in China and a need for an understanding of the values and beliefs of Chinese PE employees which can then inform company policies and practices.

Although, only Chinese professionals working in PE firms in China and the effects of their values and beliefs on their preferred negotiation styles are tested in the study, the social psychological profiles that can be ascertained from the answers to the questionnaire (or a slightly modified version) can be used to form the basis of a new capability that enables organisations to have a better understanding of their members from wherever they originate in the world.

The model can be used to develop a new capability, a 'relationship capability'. It should be beneficial for an organisation that has overseas operations to understand those who will be influenced by a different culture than those working at the parent company when involved in negotiations. By understanding more about the values and beliefs of its employees an organisation could introduce training of employees to obtain the results it wants, adapt the structure of the subsidiary, procedures, and policies to more closely align with the natural preferences of employees, or alternatively take differences in values and beliefs into account and operate in a different way in different societies if it so wished.

Furthermore, it is proposed that the model, with adaptations, could be used to assess values and beliefs and their impact on other organisational factors such as leadership style, decision-making, and trust within any organisation in any part of the world. The negotiation element of the model would be changed for leadership style, decision-making, or trust whilst the social psychological elements, then modified perhaps, would be kept in place in the model. This should enable firms to achieve a competitive advantage over

firms that do not introduce such a capability to understand differences in values and beliefs and their implications for the organisation.

1.14 The Thesis Outline

The study comprises six chapters outlined as follows:

Chapter 1: Introduction to the Study

Chapter 2: A Review of the Professional and Academic Literature

Chapter 3: Research Design and Methodology

Chapter 4: Data Results and Analysis 1 - SPSS

Chapter 5: Data Results and Analysis 2 - PLS-SEM

Chapter 6: Chapter 6: Discussion and Conclusions

Chapter 1 presents a background to the research, followed by an introduction of the research problems, aims, and objectives. It provides an overview of the research methodology, the definitions of the variables, the hypotheses, the limitations, and an outline of the structure of the study.

Chapter 2 provides a comprehensive review of the literature.

Chapter 3 presents the research methodology and includes information about the sampling method, data collection, research design, the development of the hypotheses and the questionnaire. The PLS-SEM is introduced. Data reliability, validity issues, and ethics are discussed.

Chapter 4 presents the results of the data analysis. It explains the procedures used to check for missing data, outliers, and normal distributions, and the results of the statistical analysis.

Chapter 5 presents the PLS-SEM and an analysis of the main model and its derivatives.

Chapter 6 provides a summary of the main findings. The implications of the study for theory and for practice are discussed. The chapter concludes with a discussion of limitations, the directions for future research, and recommendations for further action.

Chapter 2: A Review of the Professional and Academic Literature

2.1 Introduction

This chapter reviews the literature that pertains to the study. PE is briefly explained in terms of what it is and why it is important. Organisational theories are reviewed with their advantages and disadvantages. Some of the most important research in the field of cultural studies is discussed as is research on social psychology. Etic and emic research methods are reviewed. The informal institutions, Confucianism and related issues are explored and formal institutions in China are referred to briefly. Transaction negotiation is introduced and the various models that have been used to analyse negotiation styles are examined.

2.2 Private Equity

PE is a form of equity investment into private companies not listed on a stock exchange. It is a medium to long-term investment, characterised by active ownership, according to the European Venture Capital Association (EVCA) (2014) website. An EVCA report (2013) claims PE firms foster innovation, productivity, and competitiveness. They promote innovation and patenting by allocating funds to research and development for new products and processes in the investee companies, and by supporting start-up young firms, who are often more innovative than established firms. They increase productivity at the investee companies and this can lead to increased competitiveness for the national economy by making companies more competitive. Hellmann and Puri (2000) and Kortum and Lerner (2000) show that PE-backed companies are more efficient innovators than non-PE backed firms. Belke *et al.* (2003) and Fehn and Fuchs (2003) claim they create more employment and growth than their non-PE-backed competitors, and Levine (1997) highlights the role of PE funds in fostering innovative and competitive firms.

There are various models of PE operations; such as the stages model introduced by Tybee and Bruno (1984) with stages of: deal origination; deal screening; deal evaluation; deal structuring; and post-investment activities. The model has been developed by others and although stages models vary they remain essentially the same and are globally appropriate. PE firms invest in other companies for a period of between four to ten years and usually take a large stake. Once invested in, the companies are referred to as portfolio companies and PE firms monitor the companies and become involved in the decision-making of the companies relating to strategy, changing leading personnel, and eventually they exit the companies by selling their stake to other companies or getting the companies listed on stock exchanges. PE professionals will, therefore, be involved in many negotiations with the portfolio companies, before investing, during the period of investment, and during the exit from their investments. A key resource for PE firms is the ability to produce, assemble, monitor, analyse, and interpret information at low cost. The services provided by PE firms in addition to finance are operation services, networks and moral support, business knowledge and discipline. In the USA PE firms can control the board, and even if they do not control it they have contractual rights if the business does not perform well (Fried and Hisrich, 1995).

PE firms have both tangible and intangible offerings. PE is strongly relationship-based as investment is for the long-term, companies invested in are private, and often a heavy involvement in the affairs of the investee company is necessary. The skills found in PE firms range from financial, strategic, operational expertise, human resources, organisational capabilities, investment process specific, and operational capabilities (Hitt *et al.*, 2001).

2.2.1 Private Equity in Emerging Markets

PE firms were first established and developed in the USA and the UK, but now exist in many countries in the world. It took four decades for the PE industry to become established in the USA and the competence of the industry elsewhere took a long time to develop. When exploring PE in the Far East it needs to be recognised that countries there are at different stages of development, though they are still affected by globalization. Although, there

have been a few studies of PE in emerging markets, including some on China, overall, PE issues are not well understood there as most research has been in the USA and Europe, according to Lockett and Wright (2002).

Investors were attracted by capital shortages to emerging markets as this meant low valuations and therefore high returns and there was also much in the way of funds available in the 1990s. However, the results of investing in these markets at that time were disappointing. Investors used standard practices for investing, and these proved to be not always suitable. There is also a strong need for hands-on management, not just deal-makers in the PE industry, and in the past in emerging markets there was an underestimate of how much was needed, according to Leeds and Sutherland (2003). Later success of PE in emerging markets can be, to a large extent, explained by financial liberalisation and governments' encouragement of the industry. In the second wave of investment after the Asian crisis in the late 1990s there was a greater appreciation of the advantages of long-term investment (Wang, *et al.*, 2002).

Fried and Hisrich (1994) maintain that there is a dominant logic to the industry that results in similar approaches everywhere. In the USA, this is strengthened by the PE industry association, the National Venture Capital Association (NVCA), as well as education, industry research, and 'professional behaviour'. This 'behaviour' most probably originated in efficiency, and later was copied and drives the industry in other parts of the world where PE exists (Bruton *et al.*, 2002). According to the EVCA (2007), it is generally accepted that PE has a life-cycle which varies little globally. Many of the PE firms in China are British or American and retain the mode of operations that exist in their parent countries. Furthermore, most PE executives have been educated in business schools, many in the USA or the UK, or in schools which follow curricula that are modelled on those of the schools in the UK or the USA.

The governments of many countries see the USA as a model for PE, but the PE market in the USA is a mature market and, therefore, may not be comparable to the situation that exists in emerging markets. The ways of doing things and the relevant regulations in the USA may not be suitable, either too severe or alternatively not strict enough (Wang *et al.*, 2002). Attempts to

introduce PE practices into other countries from the USA and the UK have met with mixed success (Gompers and Lerner, 2001; Leeds and Sutherland, 2003). Leeds and Sutherland (2003) note there has been an underestimation of how much adaptation is needed for PE to succeed in emerging markets. Wright *et al.* (2004) suggest that PE firms believe the differences between their own market and those of foreign countries are smaller than they are. They found that use of valuation methods varies with the institutional environment, legal systems affect the amount of protection given to different players, and culture influences affect how strictly the laws are enforced.

Firms operating in foreign countries are faced with a choice of adapting to the local culture or retaining their existing ways. Western firms operating in China have a choice, using Western norms of complexity reduction or adopting a strategy of complexity absorption. The first alternative is to reduce the 'cognitive complexity' by imposing routines and standards, whilst the second is to accept or 'absorb' Chinese ways of doing things (Boisot and Child, 1999). Wright and Robbie (1998) maintain that PE firms gain competitive advantage by the way in which they conduct their investment procedures. The two authors stress that this needs to be done with regard to the environment by monitoring it and have various elements of the environment assimilated into the organisational decision-making processes. They comment that for foreign PE firms host country specific knowledge cannot be easily acquired, and such knowledge needs to be recognised as an intangible asset and this knowledge must be translated into operational effectiveness.

2.3 Organisational Theories

2.3.1 Agency Theory in Private Equity Studies

Agency theory analyses the relationship between principal and agent, and was developed in the West. It assumes where individuals are concerned, self-interest, bounded rationality, and risk aversion, and where organizations are concerned, goal conflict, efficiency as a criterion, and information asymmetry (Eisenhardt, 1989). PE firms normally divide their investments into separate stages and only enterprises that meet predetermined milestones will

receive further financing. Sahlman (1990) argues that staged capital infusion is the best control mechanism available to PE firms and serves to prevent portfolio firms investing in failing projects (Gompers 1995a). Sahlman and Gorman (1989) show that, although PE firms make site visits and gather information constantly, they are not normally involved in the daily operation of the enterprises, but instead major decisions are made at the end of each funding stage. As a consequence, the duration of the funding stage is a proxy for the intensity of PE firm monitoring. Gompers (1995b) argues that PE firms weigh potential agency costs and monitor and control costs when determining the intensity of monitoring efforts as it is costly to monitor and control entrepreneurial firms. The higher the potential agency costs, the more efficient it is to supervise the enterprises intensively, and the more likely that PE firms will shorten the duration of their funding.

Agency theory was used by Wright *et al.* (1999) in a survey carried out in 1996/1997 by postal questionnaire to managers of PE firms in the three countries. The research was on the role of PE firms as active investors and used research from developed markets as a framework and investigated the services provided by the PE firms, such as that of monitoring investments. Companies that have a longer history will be able to provide more information so that PE firms can better judge their prospects and therefore agency costs should be lower. Also, companies that are in the early stages of development such as in the seed or start-up phase, have greater uncertainty and less information for potential investors and information asymmetry will probably be greater too. Expected agency costs should decline as firms move toward later stages.

Agency theory predicts that the higher the expected agency costs the more important is board supervision (Fama and Jensen, 1983, Williamson, 1983). Board supervision is sometimes measured by the percentage of outsiders on the board. PE firms also mitigate principal-agent conflicts with careful structuring of financial contracts, pre-investment screening, and post-investment monitoring (Kaplan and Stromberg, 2001). In emerging economies,

less information restricts monitoring capability and reduces the usefulness of agency theory.

2.3.2 Contingency Theory in Private Equity Studies

Some see the economic rise of China, as following on from and being in the same style as that of nations such as South Korea, Taiwan, Hong Kong, and Singapore. However, it has been suggested it is more like that of the USA a century before (Shenkar, 2005). Shenkar (2005) adds that China is undeveloped and is in a transition process like many central and eastern European countries and many types of investments reflect this economic transformation, but that the similarity ends there. How China develops depends on institutions that are unique to China, and whilst the development of these might seem to follow the path followed by other transitioning countries, this is a rather broad path and does not provide a guide as to how foreign PE firms should behave in a country very different from others.

At the organisation level, PE firms cannot easily change competences as learning is defined by where it has been, and current capabilities will guide and constrain future learning and investment activity, that is, previous experience determines bounded rationality. Limitations on PE firms are that they want to maintain current structures and ways of doing things, and in fact path-dependency sometimes compels them to do so. Also, Chinese investments are only a part of foreign PE firms' portfolios and so firms are constricted in what they feel they can do that is different. PE firms' practices may fall back on institutionalized mind-sets relating to the PE industry, partly due to costs and the time required for learning. It is also hard for organisations to adapt to changes in the environment.

2.3.3 The Resource-Based View

Barney (1995) defines resources and capabilities as the financial, physical, human, and organisational assets that a company uses to develop, manufacture, and deliver products and services to customers. Financial resources include debt, equity, retained earnings, where as physical resources include machines, manufacturing plants and buildings; human resources relate to the skills, knowledge, the ability to make judgments, risk-taking propensity

and wisdom of individuals associated with the company; and organisational resources are the history, connections, confidence, organisational structure, formal reporting structure, management control systems and compensation policies. According to Wernerfelt (1984), the concept of looking at firms as a broader set of resources begins with the study by Penrose (1959).

According to Barney (1995), to realize the potential of resources and capabilities a firm must be organized to exploit the full competitive potential of these. The RBV incorporates other research programmes such as distinctive competencies and organisational economics. Distinctive competence is a function of the resources which a company possesses at any point in time, and these competencies may be defined by a set of rules and routines employed by the management of the organisation (Mahoney and Pandian, 1992). Imitation of resources and capabilities is hard due to the importance of many 'small decisions' that have occurred in the history of a firm.

2.3.3.1 Capabilities

There are several definitions of capabilities within organisations. According to Winter (2003), a capability is the ability to perform a task or activity, whilst Grant (1991) wrote that a capability is the capacity for a set of resources to perform a task or activity and requires coordination and cooperation between people, and also between people and resources. A capability must work in a reliable manner and not be ad hoc and the development of a capability takes time (Helfat and Peteraf, 2003). Organisational capabilities are prone to become fixed, and this is called lock-in inertia which is needed to make an organisation reliable and identifiable, but if taken too far can weaken the capabilities (Scheyoegg and Kliesch-Eberl, 2007). The older a firm is, the less likely it is to change or adapt as it has so many rules, routines, and organisational arrangements that keeps it on a prescribed course, but firms also copy the behaviour of similar firms and those in the same industry.

There is a limited literature on capabilities and some researchers subscribe to a capabilities theory that is separate from the RBV, whilst others view capabilities as a type of resource and for them capabilities theory is a

subset of the RBV. Researchers have acknowledged that there is some difficulty in recognising rare resources and capabilities, especially when they are in combinations, and also that in the long run rarity and value cannot be maintained.

2.3.3.2 Competitive Advantage

According to the RBV, competitive advantage is closely related to a company's internal characteristics (Spanos and Lioukas, 2001). The RBV maintains that a firm's resources and capabilities are at the basis of its ability to achieve competitive advantage (Penrose, 1959), (Barney, 1991), (Helfat and Peteraf, 2003). According to Porter (1985), competitive advantage stems from the company's ability to create value for its buyers that exceeds the cost of its creation. Peteraf and Barney (2003) wrote that a company has a competitive advantage when it can create greater economic value, economic value being defined as the difference between the benefits gained by the buyers and the economic cost to the company. There are many ways of attaining competitive advantage and a company does not have to be the best in everything it does, but it must be better in value creation (Peteraf and Barney, 2003). Penrose claims that a firm may achieve rents not because it has better resources, but because the firm's distinctive competence involves making better use of its resources (Penrose, 1959). The RBV emphasizes that it is unique and valuable firm capacities that determine the competitive advantage of firms (Black and Boal, 1994).

2.3.3.3 Issues with the Resource-Based View

There has been some criticism of the RBV. According to Priem and Butler (2001), it suffers due to its being a static model. It is not a theory of competitive advantage as internal and external attributes cannot be separated claim Wernerfelt (1994) and Black and Boal (1994). It fails to consider contextual variables, such as change, and that there are sometimes idiosyncratic elements to resources that are hard to identify (Meyer and Peng, 2005). Furthermore, the RBV grew out of research in the West and assumes institutions are functioning very well, and do not have a significant impact either (Peng, 2005).

There has been criticism that the traditional view of PE based on investment theory is undersocialized as it is based on the investment case, experience, and ability of the management, industry and market attractiveness, the stage of development, the capital required, amount of control, and exit options. Some researchers have drawn attention to social factors such as MacMillan *et al.* (1985) and Kaplan and Stromberg (2001) and that social relationships can be used to mitigate social uncertainties and risks at all stages of the investment.

2.4 Institutional Theory

Neo-classical economics assumes certain factors as being universal where as in reality they are part of Western development and Western institutions and reflect individualism and economic rationality. Although they work reasonably well in a Western setting, they are not universal, as elsewhere institutions may well be different, claim Biggart and Hamilton (1992).

Institutional theorists emphasize the importance of political, social, and legal rules either formal and informal, with the formal being the political, legal, economic rules, and contracts; and the informal being behavioural norms, codes, and conventions that take over when the formal constraints are not sufficient (North, 1990). North wrote that institutions are 'the rules of the game in a society or, more formally, are the humanly devised constraints that shape human interaction' (North, 1990). People construct beliefs about reality, about how it works, and also how they feel it should work (North, 2005). Another institutional theorist, Scott, wrote institutions are 'cognitive, normative, and regulatory structures and activities that provide stability and meaning to social behaviour' (Scott, 1995). The most formal are the regulatory institutions with standards provided by laws and various sanctions; the normative institutions are not so formal and define the roles and actions that are expected of people such as professional bodies; lastly, cognitive institutions are the most informal, rules that are simply taken-for-granted, and beliefs that exist through social interactions (Scott, 1995). As Wade-Benzoni *et al.* point out: 'Institutions create descriptions of collective reality for individuals and organisations: explanation of

what is and what is not, what can be acted upon and what cannot' (Wade-Benzoni *et al.*, 2002, p. 47).

Informal institutions are defined by North (1995) as 'conventions, norms of behavior, and self-imposed codes of conduct'. North (1990) states: 'Formal rules, in even the most developed economy, make up a small (although very important) part of the sum of constraints that shape strategic choices' and 'informal constraints are pervasive features of modern economies', and that formal institutions cannot be understood without understanding informal ones and formal institutions can change whilst the informal ones are usually there for the long term. 'The institutional structure reflects the accumulated beliefs of the society over time, and change in the institutional framework is usually an incremental process reflecting the constraints that the past imposes on the present and the future' (North, 2005, p. 49).

Institutional theorists maintain that the power of institutions is the most important factor in the development of society (North, 1981). North, DiMaggio and Powell, and Scott are the leading researchers in this area though they have different approaches and emphases. North's (1990) institutional theory is economically based whilst the institutional theory of Scott (1995) is sociologically-based and emphasizes nations, industries, or professions, but they are not so different in their usage, according to Peng and Khoury (2009). It is difficult to define institutions, measure their strength, or indeed determine which ones really matter. It is not just culture, but other variables of society, political, and the economic system. However, Scott and Meyer claim organisational conformity to the institutional environment increases some elements such as reputation, resources, and chances of survival, although this can be at the expense of efficiency (Scott and Meyer, 1991).

Expecting formal institutions to be transferable is dependent on the transferability of informal institutions, and often informal institutions provide the rules for formal institutions, that is, sometimes the formal institutions disappear or are ignored (Ghertman *et al.*, 2005).

2.4.1 Isomorphism

Isomorphism is a result of broad societal pressures, according to Dacin (1997). DiMaggio and Powell (1983) believe institutions become more homogenous over time due to the influence of the environments in which they operate. DiMaggio and Powell (1983) identified three ways of institutionalization namely, coercive, normative, and mimetic (copying behaviour of others that has seemed to be effective).

Successful firms are more likely to be imitated because these are more visible and success is attractive. Mimetic isomorphism in the face of uncertainty is when an organisation models itself on another more successful organisation, looking to the success of decisions or practices by these firms (Haunschild and Miner, 1997). Imitating the actions of other organisations helps to keep costs down whilst at the same time reducing uncertainty (March, 1981).

Normative pressures are a function of professionalization, Coercive isomorphism is a response to formal and informal pressure exerted on an organisation by another organisation on which it is dependent and also by the cultural expectations of a society which can be legal, cultural, historical, and regional.

In a high power distance society coercive isomorphism will likely be more prevalent (House *et al.*, 2002). Mimetic isomorphism is more frequently identified than the two other types, but this may be cultural bias from the USA, and in any case it can be difficult to disentangle the three types, according to Mizruchi and Fein (1999).

2.5 Combining the Resource-Based View and Institutional Theory

Several theoretical perspectives may be complementary rather than conflicting. Peng (2001) advocated that research on emerging markets is a good ground for integrating institutional and resource-based theories thus combining the value seeking of the RBV with legitimacy-seeking institutional theory. Martinez and Dacin (1999) combined transaction cost economics and institutional theory in their study as they maintain institutional theory attempts to explain phenomena from a social perspective ignore efficiency considerations which are the prime focus of the 'transaction cost economics' theory.

Oliver investigates the nature of the institutional view and the RBV and suggests that they both recognise organisational choice is available, but the RBV ignores the social context whilst institutional theorists focus more on external constraints and the pressures for conformity. She notes the RBV suggests firms can challenge informal institutions whilst institutional theorists believe societal expectations and industry norms must be considered by firms in order to gain support and legitimacy. The RBV focuses on managers making rational economic choices and not 'normative rationality' based on habits, historical limitations, and social judgments (Oliver, 1997).

2.6 Cultural Studies

As Malhotra *et al.* explain there are three approaches to cross-cultural research; the anthropological, sociological, and psychological. The anthropological approach makes a direct assessment, the sociological emphasizes the impact of social forces, and the psychological on the processes by which social influences affect cognitive thought and focus on the individual. 'Culture is a group-level phenomenon, but it influences individuals' perceptions, values and behaviour, especially with respect to social interaction' (Malhotra *et al.*, 1996, p. 275). Furthermore, cultural values are quite stable over time, according to Inglehardt and Baker (2000).

Culture is complex and so it is difficult to assess its causal role, according to Brockner (2003) and Leung and Van de Vijver (2008). Though 'Institutions are the crystallizations of culture, and culture is the substratum of institutional arrangements' assert Hofstede *et al.* (2002, p. 800). The cultural orientation of a society is a reflection of values, attitudes, and behaviours of those people that comprise it and is expressed through values held about the world and the meaning of life, and are beliefs about what is right, wrong or preferable, and these values affect their attitudes about the behaviour considered to be more appropriate and effective behaviour being defined as any form of human action (Adler, 1997). According to Triandis (1972), culture is a subjective perception of the human-made part of the environment. The subjective aspect of culture includes the categories of social stimuli, associations, beliefs, attitudes, norms, values, and roles that individuals share.

The House *et al.* (2002) study defined culture as: 'shared motives, values, beliefs, identities, and interpretations of meanings of significant events that result from common experiences of members of collectives and are transmitted across age generations' (House *et al.*, 1999, p. 184).

Culture is very broad and dimensions are one way of breaking culture down, some broad and some small in scope, and some of these dimensions may overlap whilst others might correlate differently in different cultures or not at all. Another reason for breaking down culture into dimensions is that it enables comparisons to be made with other societies. There are several models of national cultures that use dimensions that have been widely used in organisational research; those by Kluckhohn and Strodtbeck (1961), Hofstede (1980), Hampden-Turner and Trompenaars (1993), Schwartz (1992), and the House *et al.* (2002) study. Others have adapted and developed these models such as Wagner and Moch (1986), Oyserman (2002), and Triandis (1996). Furthermore, there are common themes that run through all of them such as hierarchy-equality, individualism-collectivism, mastery versus harmony, and universalism versus particularism. To characterise the values of a country most studies have averaged the scores given to a set of values by what the authors maintain is a representative sample of persons from that country, according to Hofstede (1980) and Schwartz (1994). Schwarz comments (1994, p. 92): 'The average of the value priorities of societal members reflects these commonalities of enculturation. In societies there are intentional and unintentional socialization of values to which members are exposed.'

Fischer (2006) notes that self-reports have been the most widely used ways of measuring culture across countries, and averaging these reports gives an estimate of the average level of that particular psychological construct within the chosen group. It is assumed the central tendency of these ratings reflects the culture, but sometimes the researchers found only weak correlation between self and culture ratings such as those in the House *et al.* (2002) study and Terraciano *et al.* (2005). Oyserman *et al.* (2002) also found self-ratings of culture did not conform always to culture level studies or the opinions of experts. Tayeb (2001) has criticized some authors of cultural studies who focus

on just a few dimensions and ignore others, and suggests that dimensions create minimalism and that national culture should not be a straightjacket, as education and life experiences have an important influence on people.

2.6.1 Hofstede's Cultural Studies

Hofstede (1980) sees cultural values as leading to societal norms, and these to organisational structures as well as intellectual structures. The dimensions he produced were at an organisation level, but he believed they were representative at a societal level, but they do not measure individuals directly. Hofstede's study comprised 32 questions over 40 countries, though China was not a part of the survey though. His sociological approach addresses core cultural values that impact on work behaviour, and then he aggregated these to the societal level (Hofstede, 1980).

Researchers have given numerous justifications for using the cultural Hofstede's dimensions such as the capacity of the model to link cultural orientation to institutional differences between countries (McGrath *et al.*, 1992a), the parsimony of the model (McGrath *et al.*, 1992b), the reliability and validity of the measures used (Shane, 1994), and the ability of the dimensions to predict individual behaviours (Kreiser *et al.*, 2010).

2.6.1.1 Criticism of Hofstede

The IBM employees Hofstede studied have values that are not necessarily typical of the values of all members of societies (Yeh, 1989), and McSweeney (2002) notes that Hofstede's study was designed to aid IBM, not to understand national culture. Hunt (1981) too questions whether Hofstede was studying the cultures of those in different countries or the culture of a multinational firm. Hofstede studied sales and service staff who were middle class, however this social class criticism has been countered by the fact that middle class values probably impact more on society than lower class ones, as it is the middle class that control many of these institutions (Hofstede, 1984). According to Triandis (1982), Hofstede's (1980) work is not in enough depth and Hofstede conflates norms, values, and behaviour, the list of dimensions is not long enough, and the results are not stable over time.

It is not apparent the questions relating to individualism-collectivism are measuring this, according to Yeh (1989). Bond comments that the work goals described do not measure collectivism in Hofstede's study and he makes the point (Bond, 2002, p. 74): 'The first three work goals bear obvious relations to individuals...how the last three work goals described anything resembling collectivism was, however, a mystery to many.'

It is not representative as the samples were very small for some countries, according to McSweeney (2002), Drogendijk and Slangen (2006), Smith *et al.* (2002), and Ng *et al.* (2007). The data collection techniques were neither sophisticated nor were the methods of analysis conclude Ng *et al.* (2007) and Javidan *et al.* (2006). Most of the data was collected in the period 1967-1973 and there have been cultural changes since that time comment Ralston *et al.* (1999). Ajiferuke and Boddewyn (1970) add that culture is the values/beliefs at a specific point in time and there is a need to take account of the change in culture over generations.

Earley and Mosakowski (1996) point out on the issue of 'shared values' Hofstede uses a mean, but the mode could also be used, (the most commonly held value) or indeed national 'norms'. The authors ask rhetorically is the mean score really a 'shared value' and who actually holds it?

2.6.2 The GLOBE Cultural Study (House *et al.*, 2002)

The theory behind the House *et al.* (2002) GLOBE study model is that the culture of a society predicts the practices that are acceptable, successful, and effective there. The GLOBE project was set up to investigate the impact of culture on leadership, organisational processes, and effectiveness. It distinguished between values (what should be) and practices (what is/are) and nine cultural dimensions were discovered. It used cultural dimensions like Hofstede and for some of these it relied on the studies of Hofstede.

The premise of the House *et al.* study is that organisational cultural practices are influenced by factors external to the organisation and the study found that organisational cultures reflect societal cultures at an operational and managerial level. The authors assert that values are present in behaviour, policy, and practice, and that the founders of organisations are so immersed in

their own societal culture and so their behaviour and management practices are likely to reflect that culture. Practices are used by the House *et al.* study for answers about culture 'as it is' and values are used for answers 'as it should be' and how well they are accepted by followers. The House *et al.* (2002) study divided collectivism into in-group collectivism and institutional collectivism and Hofstede's masculinity dimension into assertiveness and humane orientation. They asked participants about values and practices that were not their own, but those of their society and the questions resulted in national scores (Smith, 2006).

2.6.2.1 Criticism of the House et al. (2002) Study

One problem with the House *et al.* study which is on leadership is that it is based on an American concept of leadership. The loadings of the four items used to measure uncertainty avoidance are above 0.7 at the society level which is an acceptable score, but are below 0.7 at the individual level which is not acceptable, and means averaging the scores at an individual level is problematic.

2.6.3 Schwartz's Cultural Studies

Schwartz (1994) developed the Rokeach Value Survey (Rokeach, 1973), but changed the emphasis from American to global values and to reflect societal values rather than individual ones, and he produced both individual and nation level values, but found the nation level values do not all relate to the individual level ones.

Schwartz defined values as: 'desirable, trans-situational goals, varying in importance, that serve as guiding principles in people's lives' (Schwartz, 1996, p.2) and he addresses core cultural values that impact on work behaviour. (Schwartz, 1999). The Schwartz questions are conceptually related to Hofstede's dimensions and comprise 56 items on a 9-point Likert scale. These measure 10 universal dimensions of work values which form the higher order dimensions of individualism-collectivism: the dimensions power, achievement, hedonism, stimulation, and self-direction make up individualism: whilst collectivism comprises benevolence, tradition, and conformity. Schwartz identified three dimensions unique to China: societal harmony, virtuous

interpersonal behaviour, and personal and interpersonal harmony which together form Confucian values (Schwartz, 1994).

The Schwartz survey was validated in China, unlike the Hofstede study, and it is concerned with core values rather than work behaviour values. Schwartz (1994) found China to be high in hierarchy and mastery values, low on egalitarianism, average on autonomy-conservatism, and so it is not as collectivist as some countries. In a joint study, Schwartz and Bilsky (1990) operated with a different research tradition than Hofstede that reached back to Rokeach (1973), but one dimension, 'openness to change' and 'conservatism' is like individualism-collectivism, and 'self-enhancement' and 'self-transcendence' are like power distance. The sets of data do seem to converge somewhat.

2.6.3.1 Criticism of Schwartz

Poortinga and Hemert (2001) found, though with a small survey, nation level differences accounted for less than 20% of the variance of the individual level Schwartz values. Schwartz (1994) surveyed students and schoolteachers, and though he claims these are a good proxy for society this may not be the case.

2.6.4 Trompenaars and Hampden-Turner's Cultural Studies

Trompenaars and Hampden-Turner's work deals with three issues: relationships with people, attitudes toward time, and attitudes towards the environment. They assert in every culture there is a set of tacit beliefs which are taken for granted. The seven valuing processes the authors itemize are: universalism versus particularism, analysing versus integrating, individualism versus communitarianism, inner-directed versus outer-directed orientation, time as sequence versus time as synchronization, achieved status versus ascribed status, and equality versus hierarchy.

The various nations differ on the relative importance of these values in the business world (Hampden-Turner and Trompenaars, 1993). Many of their dimensions about relationships with people emphasize some aspects of individualism and collectivism, and their individualism-communitarianism is like Schwartz's 'autonomy-embeddedness' and Hofstede's 'individualism-collectivism'.

2.6.5 Conclusion on Cultural Level Studies

There is no general agreement on what is culture (Javidan *et al.*, 2006) and definitions tend to vary by academic discipline with some being rather broad such as that by Herskovitz (1955) who called it the human made component of the environment whilst other definitions are less encompassing: 'Values, beliefs, norms, and behavioural patterns of a national group (Leung *et al.*, 2005, p. 357) or rather narrow: 'Culture is a shared meaning system' (D'Antrade, 1984, p. 110). Hofstede's definition of culture is: 'The collective programming of the mind that distinguishes the members of one human group from another (Hofstede, 1980, p. 25).

It is not easy to operationalise national cultures, though the Hofstede study (1980) has become a sort of benchmark for doing this. Hofstede's four-dimensional framework is the one most often cited, according to Kirkman *et al.* (2006), which they believe is due to its parsimony and applicability. Nevertheless, the authors caution against using Hofstede's dimensions as they assume causal relationships, that may not exist. The framework has been tested by replication by Hofstede (1983) himself, and Sondergaard (1994), and tested by seeking consistency between it and similar frameworks add Ng *et al.* (1982). Different kinds of multinational organisations can exhibit different responses to national cultural differences than other organisations, that is national culture may not be as relevant a factor in different situations.

2.7 Organisational Culture

According to the House *et al.* (2002) study national culture is more about values, whilst organisational culture is more superficial, and is about practices, and occupational culture is similar. Organisational culture can be at two levels: the less visible shared values by a group whose members may be unaware of the values that hold them together that can continue even if the group membership changes, and at a visible level there are group behaviour norms which new employees are encouraged to follow and where those that fit in are rewarded whilst those that do not fit in experience difficulties, according to Kotter and Heskett (1992).

Firms in similar industries can face constraints on how distinctive their cultures can be, and so limit the extent to which a firm's culture can be a source of competitive advantage. Therefore, firms might be better off trying to emulate the cultures of successful firms in that industry rather than trying to develop their own distinct culture. Smaller and newer firms can establish legitimacy by doing this as well as enhancing performance, and this is particularly the case in stable industries where stronger firms have strategies, operations, and cultures developed over time and have led to success, suggest Chatman and Jehn (1994). Firms need a strategically appropriate culture that fits the conditions of the industry or the business strategy (Kotter and Heskett, 1992).

Tan (2002) refers to the convergence/divergence of value systems of managers around the world, with some researchers believing managers are becoming more alike due to industrialization/economic development whilst others maintain cultural values are too deeply embedded to allow for much change, or 'crossvergence' where a unique value system is being created that differs from the original cultures of everywhere.

All firms have multiple cultures due to different groupings or geographic locations, one uniform culture will not work, but variations are needed to fit specific requirements maintain Kotter and Heskett (1992), though there are some values and practices that are shared across all groups in the firm. The solutions that solve problems they meet tend to become a part of the culture, and the more they work the more embedded they become suggest Kotter and Heskett (1992).

Firm cultures tend to be stable over time, but are not static and a crisis can force a group to reassess values or practices, but if it does not deal with a changing environment, and if a new strategy is not developed and implemented the culture can become inappropriate. As was mentioned earlier there is some reason for believing there is a PE culture, the type of people in PE have jumped through similar hoops: education, experience, attitude forming processes, and the acquisition of certain skills and interests.

It could be supposed that the existence of PE firms operating in China could influence the culture, and be architects of cultural change. However, Erez

and Earley (1993) doubt that the cultures of organisations can overwhelm national culture or that they have equivalent impact on an individual's own values. In any case organisations do not really have their own culture, as they are these are largely created by societal culture.

Kerr (1983), wrote that there would be convergence around the world to Western-style rationality in organisation, finance, marketing, and production techniques and certain other routines/practices for some elements were implemented, where beliefs, attitudes, and meanings were concerned he thought there would not be convergence, so convergence would go so far, but then not continue further due to the different collective mental framework.

2.8 Cultural Level versus Individual Level Studies

According to Adair and Brett, (2004, p. 158): 'Culture is a distinctly group construct. Individuals have personalities: groups have cultures.' Social behaviour is a product of the dominant values and behaviour of a culture. Cultural level questions are those where participants are asked to comment on the culture of the society to which they belong whilst individual level questions are directed at what their values and beliefs actually are. The application of cultural level constructs to an individual level analysis is inappropriate as it fails to take into account individual deviations from the cultural average. Cultural and personality dimensions differ in their unit of analysis from which these dimensions derive and should not be confused, according to Leung and Bond (1989).

Klein *et al.* wrote that levels issues pervade organisational theory and research and every construct relates to levels. Levels could be one or more than one, and so issues of levels are everywhere, but the theory of the researcher needs to be related to certain levels, and the level of measurement needs to relate to this. In specifying a level of theory one predicts whether the members of a group are homogenous, independent, or heterogeneous (Klein *et al.*, 1994). The level of theory is the target (individual, group, or organisation that is being researched and explained, whilst the level of measurement is the source of the data.

Hofstede recognised the importance of the level of the theory in his studies of culture and drew attention to what is referred to as the ecological fallacy which weakens the applicability of his findings to organisations. The ecological fallacy is ascribing to individuals aggregate data, and the reverse ecological fallacy occurs when psychologists treat social systems as individuals. Countries cannot be compared using categories developed for comparing individuals as Hofstede explained: 'Psychologists sometimes have difficulty in understanding that these questions do not correlate at the individual level. They are meant to be a test of national culture, not of individual personality: they distinguish cultural groups or populations not individuals' (Hofstede, 1998, p. 481).

The individualist bias in the West has led to a primacy of psychology and social psychology over sociology, according to Hofstede *et al.* (1993). Robinson (1950) showed mathematically the dangers of the ecological fallacy and how it can lead to wrong conclusions, and in a study by Hofstede *et al.* (1993) who re-analysed the findings of the study by Hofstede *et al.* (1990) at the individual level and found quite different results. The House *et al.* (2002) study showed that across the nine dimensions specific ratings by individuals do not coincide with cultural practices as reported by the same individuals.

The House *et al.* study used the term 'meso' to include micro and macro elements in their research (House *et al.*, 2002). The micro view is a psychological investigation, whilst the macro view is a socioeconomic one, whilst the 'meso' approach research integrates these and removes these constraints. It includes the effects of context on behaviour and it recognises that cross-level effects are sometime interactive, not simply upwards or downwards (Rousseau and House, 1994).

According to Fiske *et al.* (1998), individuals have an effect on organisations in many ways and culture is the result of the collective behaviour, values, and attitudes of its members. Psychological processes are culturally contingent and so it is a mutual constitution. Cultures create and support psychological processes and these also have an impact on the cultural condition. People use their local cultural models which then become integral to

their psychology, though this is often unconscious ideology. The value set of a person is a product of common cultural values, subculture values, and idiosyncratic elements, though these latter elements may not be as strong as the underlying core cultural influences, depending on how well they fit with the core culture (Westwood and Posner, 1997).

Aycan claims: 'Culture may manifest itself in terms of values, beliefs, cognitive processes, and overt behaviour at the individual level and in structures, practices, norms and rituals at the organisational level' (Aycan, 2000, p. 116). However, Hackman (2003) is critical of studies that analyse the influence of culture on cognition as he asserts the levels are so far apart, and so these studies must cross those levels or they make the assumption that culture is somehow in the heads of individuals. His study shows how group behaviour and outcomes are shaped by the context and attributes of individuals, that is, sociological and psychological constructs.

2.9 Social Psychological Dimensions

The cultural orientation of a society is a reflection of values, attitudes, and the behaviours of those people in it. Culture is expressed through consciously or unconsciously held values about the world and the meaning of life, and these values are beliefs about what is right, wrong, or preferable. Beliefs (social axioms) are statements of truth or factuality and can be distinguished from values in that these are what are good or desirable. Values are different from norms in that the behaviour expected is expressed in more specific terms whereas norms are an established standard of behaviour shared by members of a social group to which each member is expected to conform. Many employees hold individualistic values, but are less individualistic when it comes to beliefs and norms (Wagner and Moch, 1986).

Social psychology is the scientific study of how people's thoughts, feelings, and behaviours are influenced by the actual, imagined, or implied presence of others (Allport, 1985). Some of the most well-known authors in this field are: Hofstede (1980), Triandis and Gelfand (1998) and Singelis *et al.* (1995) on values; Leung *et al.* (2002), Bond *et al.* (2004b), and Singelis *et al.* (2003) on social axioms; Robertson, (2000), Redding, (1993), and Ghauri and

Fang (2001) on Confucianism; and Christie and Geis (1970) and Dahling *et al.* (2009) on Machiavellianism.

2.9.1 Values

According to Erez and Earley (1993): 'Values serve as a powerful motivational influence in three ways: they are instrumental in attaining desired end-states, they are desired end states, and they help us define and reinforce our sense of self'. Other definitions from researchers include those by Conner and Becker: 'Values may be thought of as global beliefs about desirable end-states underlying attitudinal and behavioural processes' (Conner and Becker, 1975, p. 351). Rokeach, (1973) wrote that: values are 'enduring beliefs that a specific mode of conduct or end state of existence is personally or socially desirable to an opposite or converse mode of conduct, or end state of existence.' Another definition comes from Schwartz (1999, p. 24): 'I define values as conceptions of the desirable that guide the way social actors (e.g. organisational leaders, policy-makers, individual persons) select actions, evaluate people and events, and explain their actions and evaluations'. Schwartz claims individual values are the product of cultural forces and unique individual experience (Schwartz, 1994). Kluckhohn (1951, p. 395) added another definition: 'A value is a conception, explicit or implicit, distinctive of an individual or characteristic of a group, of the desirable which influences the selection from available modes, means, and ends of action'.

Values are expressed in the customs, laws, norms, scripts, and practices to which people are exposed every day assert Markus and Kitayama (1994). They are used to promote, legitimize, interpret, and sanction both existing and innovative social behaviour (Williams, 1968). However, it has been claimed that people adapt their own values to fit the opportunities and demands of the significant societal institutions in their lives and generalise these values to other life realms (Schwartz and Bardi, 1997). Values affect attitudes about the behaviour considered to be appropriate and effective (Adler, 1997).

Most people know what their values are and mostly these are both stable and change little during adulthood, according to Rokeach (1973). However, he notes values also will differ in their stability due to factors such as intellectual

development and how far culture and institutions are internalized and that they do not predict behaviour perfectly and the self-concept is even more central to a person than their values (Rokeach, 1973). Values and behaviour transcend cultural values though, and organisational culture can vary across contexts according to Meyer and Peng (2005). Bond (1988), Earley and Mosakowski (1996), and Triandis (1989) note the limits of using values to predict behaviour as well, and maintain that individual behaviour is a product of culture plus individual factors such as personal experiences. Schwartz and Bilsky (1987) believe values play an important part in decision-making and that these values are strongly influenced by culture and the business environment.

There is a structure of values and so the conflict and compatibility of values needs to be taken into account, for instance many values that serve individual interests receive greater priority in the way institutions function in individualist cultures, and many values that serve collectivist values receive greater institutional priority in collectivist cultures. One problem is participants in research studies may report what they see as values of their society or the ideal values of their society rather than their own values, so they may be cultural conventions not psychological characteristics (Schwartz, 1992). Values can be rejected on a personal basis, but it may still be necessary to conform to values at least in the short-term although this is not functional, and so in the long-term people are likely to reform and bring their values and behaviour into congruence (Bem, 1972). Values transcend specific situations and cannot be used to predict single instances of behaviour in specific situations, but they can be used to predict behavioural tendencies, according to Ajzen and Fishbein (1977) and Shamir (1990).

Hofstede identified the importance of values and created values indices (Hofstede, 1980). Values can be expressed in more abstract terms than can attitudes and behaviour and so equivalence between different societies is easier to determine, according to Smith (2000). Hofstede *et al.* (2010) comments that culture is not something that people are born with, neither is it human nature or personality, but is something that is learned. Values are the more stable element in culture rather than practices which may be more easily changed,

though values are not simply understood by an analysis of people's actions. Hofstede *et al.* (2010) note that values can be those which are either desirable or desired, the desirable being more likely more agreeable than the desired ones, but these are not so close to actual behaviour usually as desirable values are is more about ideology and desired are more related to practice.

Hofstede's model of national cultures comprised four dimensions (Hofstede, 1980). The first dimension is that of the power distance dimension which expresses the degree to which the less powerful members of a society accept and expect that power is distributed unequally. The fundamental issue here is how a society handles inequalities among people and people in societies exhibiting a large degree of power distance accept a hierarchical order in which everybody has a place (Hofstede *et al.*, 2010).

The second dimension measures individualism versus collectivism. Individualism can be defined as a preference for a loosely-knit social framework in which individuals are expected to take care of only themselves and their immediate families. Collectivism represents a preference for a tightly-knit framework in society in which individuals can expect their relatives or members of a particular in-group to look after them in exchange for unquestioning loyalty (Hofstede *et al.*, 2010).

The third dimension measures masculinity versus femininity where the masculinity side of this dimension represents a preference in society for achievement, heroism, assertiveness, and material rewards for success and the masculine society is more competitive. The opposite, femininity, stands for a preference for cooperation, modesty, caring for the weak, and having a high quality of life (Hofstede *et al.*, 2010).

The fourth dimension is the uncertainty avoidance dimension which expresses the degree to which the members of a society feel uncomfortable with uncertainty and ambiguity. It is about trying to control the future or just let it happen. Countries exhibiting strong uncertainty avoidance maintain rigid codes of belief and behaviour and are intolerant of unorthodox behaviour and ideas. Weak uncertainty avoidance societies maintain a more relaxed attitude in which practice counts more than principles (Hofstede *et al.*, 2010).

Hofstede later added two more dimensions. The first of these was long-term orientation versus short-term orientation, based on a study by Hofstede and Bond (1987) using a survey instrument developed with Chinese employees and managers (1991). The second was the indulgence versus restraint dimension (Hofstede *et al.*, 2010) which resulted from the research by Minkov using data from the World Values Survey (Minkov, 2007). Indulgent societies tend to allow relatively free gratification of natural human desires related to enjoying life and having fun whilst their opposite restraint societies are more likely to believe that such gratification needs to be restricted and regulated by strict norms.

2.9.1.1 The Individualism-Collectivism Values Dimensions

According to Rhee *et al.* (1996), the attributes of individualism are a feeling of independence, defining oneself independently from in-groups, viewing confrontation within an in-group as acceptable, and giving one's own goals priority over the goals of an in-group. The attributes of collectivism are a concern for the in-group and giving an in-group's goals priority over ones' own, maintaining harmony, interdependence, cooperation, and encouraging reciprocity, accepting interlocking responsibilities and obligations, and distinguishing between in-groups and out-groups.

Individualism and collectivism comprise a number of facets. Individualism comprises self-reliance, competition, and hedonism, whilst collectivism comprises interdependence and sociability (Triandis, 1989). It is important to identify what is the important facet in a particular situation. Oyserman *et al.* (2002) found that recent studies use a variety of categories and questions to ascertain individualism and collectivism which could mostly be ascribed to seven attributes for individualism and eight attributes for collectivism. The attributes for individualism are: valuing personal independence, personal achievement, self-knowledge, uniqueness, privacy, clear communication, and competition, whilst those for collectivism are: a sense of duty to groups, relatedness to others, seeking the advice of others, harmony, and working in groups, sense of belonging to a group, a contextual self, and valuing hierarchy (Oyserman *et al.*, 2002).

In individualistic societies' members see themselves as independent and motivated by their own needs, contracts and preferences, whilst in a collective society individuals are linked into various collectives and norms, duties and, obligations are the motivating factors and these influence outlook considerably. Also, individualists are more likely to value information as independent of its context whilst collectivists value the context. Individualists are more concerned with rationality, rather than context specific history and norms. Hall (1976) and later Osland (1990) referred to Western countries as being low context and therefore less influenced by cultural considerations which may be influenced by individualism and notes Anglo-Saxon countries are very individualistic, but most of the world is collectivist.

Collectivists have a focus on relatedness whilst individualists focus on rationality, the first see a priority on relationships whether advantageous or not, whilst the latter compute the costs and benefits of relationships. Collectivism does not mean the negation of the well-being of the individual, but that the well-being of the group is in the best interests of the individual (Triandis *et al.* 1990). Social identity theory predicts people usually cooperate with members of their identity groups and so cooperation is likely to be greater in an asymmetric society than those in an individualistic society (Wade-Benzoni *et al.*, 2002).

Eby and Dobbins (1997) suggest coordination and cooperation are greater for collectivists as they are more motivated by a willingness to work together, and this is due to an inherent appeal of group-based settings for collectivists. Collectivists become attached to others more easily, internalize the goals of the group, and become more committed to the group than individualists.

Hofstede (1980) treats individualism and collectivism as a single continuum, that is, he views collectivism as low individualism and therefore unidimensional at the cultural level, whilst others such as Singelis *et al.* (1995) and Triandis and Gelfand (1998) whose research is at the individual level and not at the cultural level see them as multidimensional. Triandis (1995) stated that individualism has a different meaning at individual and country levels and uses different terms for these levels reserving the terms individualism-

collectivism for the country level and calling individualism-collectivism at the individual level 'idiocentrism-allocentrism'. Ralston *et al.* (1997) use the terms individualism-collectivism at the individual and societal level rather than the 'idiocentrism-allocentrism' term employed by Triandis.

Triandis (1996) developed the individualism-collectivism scale to measure individualism-collectivism at the individual level. It comprises 16 individualism and 16 collectivism questions and several researchers such as Nelson and Shavitt (2002), Singelis *et al.* (1995), and Strunk and Chang (1999) have employed the scale. The separation of individualism and collectivism into vertical and horizontal aspects makes the construct broader, but also makes it more complicated and he puts these into four categories. The categories are horizontal individualism (HI), vertical individualism (VI), vertical collectivism (VC), and horizontal collectivism (HC). Vertical individualists are independent and they see themselves as different from others, horizontal individualists are independent and they see themselves as the same as others, vertical collectivists are interdependent and they see themselves as different from others, and horizontal collectivists are interdependent and they see themselves as the same as others, according to Soh and Leong (2002). The horizontal aspect means egalitarian relations between people who have different statuses, the vertical one means a hierarchical power distribution, individualism gives priority to the individual rather than the group, and collectivism does the opposite. VC captures the subordination of the individual's goal to the collective and the sacrificing of these goals to the interests of the group, and there is a structured hierarchy of power. HI captures the development of the individual and autonomy, HC captures a strong collective identity and a desire for equality with other group members, whilst VI encourages group competition and a desire to be the best in the group (Soh and Leong, 2002). In many studies operationalising the VI, VC, HI, and HV aspects, cultural homogeneity across a society and over life domains has been presumed, and non-representative samples have been used particularly students (Chirkov *et al.*, 2005).

People can be both individualistic and collectivistic at the same time, according to Triandis (1995), Kagitibasi (1987), and Imamoglou (1998).

Attitudes leaning one way or the other can be accessed depending on the context suggests (Hui, 1988) and Matsumoto *et al.* (1997). Triandis (1995) argues people sample from separate collective and independent cognitive structures depending on the situation, although people from individualistic cultural backgrounds are more likely to retrieve more 'private self-cognitions' and less 'collective self-cognitions' than those from collectivistic backgrounds. Individualistic private cognitions are personal qualities, attitudes, beliefs, and behaviours whilst collective cognitions are those that refer to groups where a common fate is experienced. However, individualism may coexist within the parameters of a more pervasive collective culture (Arikawa and Templer, 1998). Triandis (1995) also refers to individual versus collective primacy, that is, the extent to which people sacrifice self-interest to achieve in-group goals when there is a conflict between them.

Individualism-Collectivism has become the most widely-studied cultural and social psychology dimension. Matsumoto *et al.* (1997) noted that anthropologists, sociologists, and psychologists have all used this dimension. Empirical evidence has supported Individualism-Collectivism as a major measure of cultural variability in cultures (Hofstede (1980), (Triandis, 1989). Oyserman *et al.* (2002) lists many studies employing the individualism and collectivism dimension to that year. However: 'Collectivism can take a very different form in different parts of the world', according to Triandis *et al.* (1990) and this must apply to individualism too.

2.9.1.2 In-Groups

Triandis defined an in-group as: 'a group whose norms, goals, and values shape the behaviour of its members' (Triandis, 1994, p. 53). According to Earley, an in-group is an aggregate of people who share similar traits or background, values, beliefs, common interests, or heritage, and those that comprise it work better if they work with their in-group, rather than with any other group. In-group members show altruistic behaviour to one another, a strong emotional attachment, a belief that the group is homogenous, and they are collectivist (Earley, 1993). Individualists have an emotional detachment from in-groups, and attitudes have a strong influence on behaviour, and practise

making cost/benefit calculations when faced with choices (Triandis *et al.*, 1993). According to Rhee *et al.* (1996), individualists feel independent, define themselves independently from in-groups, view confrontation within an in-group as acceptable and give their own goals priority over the goals of an in-group.

Individualists see their in-groups as more heterogeneous as they focus more on the individuals that comprise the group (Triandis *et al.*, 1990). Individualists also have in-groups, but they do not differentiate as much as collectivists do. For a collectivist the right action as defined by the in-group even if this is inconsistent with own attitudes whilst for an individualist attitudes and behaviour are expected to be consistent and if this is not the case an individualist will experience cognitive dissidence. For collectivists beliefs and norms that reflect interdependence are preferred, whilst for individualists beliefs and norms that favour independence are preferred (Triandis, 1994).

Yamagishi *et al.* (1998) assert that in-group favouritism and out-group discrimination is a psychological phenomenon rather than due to conflicts of interest, though it is nevertheless, based on expectations of reciprocity. They expect behaviour from those in the group to differ from that of those outside the group.

2.9.1.3 Relationship to other Variables

Key aspects of collectivism and individualism are correlated with other constructs such as cooperation, competition, hedonism, self-reliance, and emotional detachment from in-groups. The definition of these terms though, varies by culture, to what extent a society is individualist or collectivist, and by circumstances (Triandis *et al.*, 1993).

Triandis and Gelfand (1998) suggest VI is closely related to competitiveness while VC is related to interdependent competition. HI and HC are less competitive orientations. VI is related to self-reliant competition and VC to interdependent competition. According to Green *et al.* (2005), HI emphasizes individual uniqueness and HC interdependent non-competition.

However, Basabe and Ros (2005) posit that competitiveness may not be individualist and indeed Hofstede put it in the masculine-feminism dimension not the individualism-collectivism dimension and related it to the collectivism

and power distance indices. Singelis *et al.* (1995) and Triandis (1995) suggest competitiveness should be treated as a separate dimension rather than as part of the individualism dimension. Brewer (1999), Triandis (1995), and Espinoza and Garza (1985) all found collectivists more competitive with out-groups than individualists when dealing with out-groups.

2.9.2 The Power Distance Values Dimension

Power distance measures the use of authority and power between individuals when they deal with each other. According to Hofstede (1980), power distance is defined as: 'The extent to which the less powerful members of institutions and organisations within a country expect and accept that power is distributed unequally. At the societal level the dimension provides information on the dependence relationships in a country. Schwartz's (1992) hierarchy value is like Hofstede's power distance dimension.

According to Brett and Crotty, in a high power distance working environment a manager's use of authority and power is often deemed necessary in order to assure that work is done efficiently. Managers are expected to make decisions autocratically and paternalistically whilst employees are not very willing to trust each other. In a low power distance environment managers make decisions after consultation with employees and close supervision is negatively evaluated by employees, and employees are more cooperative. In large power distance cultures the leader can influence others more than in low power distance cultures (Brett and Crotty, 2008). Krone *et al.* (1997) suggested that group orientation is an important part of Chinese culture and is part of the interconnected sense of self, that is, superiors in a social hierarchy are to look after the needs of their subordinates, whilst subordinates are to display respect and deference toward their superiors. They believe that in China power distance relates to collectivism.

2.9.3 Other Values Dimensions from Hofstede

2.9.3.1 The Long-Term versus Short-Term Orientation Dimension

The fifth dimension added by Hofstede is long- versus short-term orientation (Hofstede, 1999). It was first developed as the Chinese Values Study (Bond, 1988). Future orientation means preference for long-term results

rather than short-term ones. Therefore, effort is spent building relationships and looking to long-term profits, whilst present and past-orientated cultures look to quick returns for effort made and there is less interest in socialising. Hofstede took it (1987) and transformed it into the long-term versus short-term orientation. Long term orientated cultures can be characterised by patience, perseverance, respect for elders, a sense of obedience, a concern for the general good, long-term employment, and solving problems for the long term rather than the quick and easy solution (Hofstede, 1999).

Buttery and Leung (1998) found the long-term orientation in China reflects the Confucianism heritage which encourages perseverance and thrift and wrote: 'Clearly, the most significant Sino-Western cultural differences occur in terms of individualism, power distance and long-term orientation' (Buttery and Leung, 1998, p. 377).

Fang (2003) commented that Hofstede's long-term versus short-term orientation has been mostly ignored by the research community, since its introduction. The main reason for its non-acceptance, according to the author, is the Confucian values that it employs seem out of place to Westerners, and even to the Chinese who are, as Bond (1988) found, both past and future-orientated. The authors note that the fifth dimension is based on the 40 Chinese values of the Chinese Cultural Connection (1987) which have now been added to, to make 71 (Fan, 2000). The original 40 were a rather mixed bunch with some values meaning the same as others or being closely related. They also note 'guanxi' is not there nor 'yin' and 'yang' which are well known concepts in China.

2.9.3.2 The Masculinity/Femininity Dimension

Hofstede also identified masculinity/femininity as a dimension. The masculinity-femininity dimension has been the most controversial of the dimensions as people have been difficult to categorize.

2.9.3.3 The Uncertainty Avoidance Dimension

Another dimension from Hofstede's original work (1980) is uncertainty avoidance. Hofstede defines uncertainty avoidance as: 'the extent to which the members of a culture feel threatened by ambiguous or unknown situations' (Hofstede and Hofstede, 2005, p. 167). Hofstede (2001) claims power distance and uncertainty avoidance are the most important dimensions in organisations for determining who decides on what and how something will be done. High power distance is negatively related to participation and open communication as there is top-down communication and little bottom-up or sideways communication and the emphasis is on tasks rather than support for employees.

Hofstede's (1980) uncertainty-avoidance Index is criticized by Dorfman and Howell for comprising three items only and in that these do not seem to be connected: 'Level of perceived stress, length of time the individual believes s/he will work for the present company [IBM] and beliefs regarding whether rules should be broken' (Dorfman and Howell (1988, p. 130). Furthermore, uncertainty avoidance had to be dropped from the survey instrument when questioning the Chinese as, according to Lowe (2003) Hofstede found no dimension that was similar to uncertainty avoidance for China at a cultural level. The reason given is that it concerns the search for truth which is not relevant in Confucian logic where the search for virtue is paramount and this accepts many truths can coexist, the combinations of truths that are most acceptable to the group, and so are the most workable and harmonious (Lowe, 2003).

2.9.4 Values Dimensions from Other Authors

Schwarz's (1992) seven categories of values had five that significantly correlated with individualism and when these were simplified into three clusters, and two of these were highly significantly correlated with individualism: autonomy versus embeddedness, and egalitarianism versus mastery. Mastery

means people are likely to try to measure the environment and to change it, whilst harmony means to achieve a deep understanding of the environment and to try and integrate with it. Autonomy versus embeddedness means to what extent people see themselves as belonging to a group and identifying with its goals, whilst autonomy means that individuals value their uniqueness. The author divided autonomy into two parts: intellectual autonomy where individuals are likely to follow their own ideas independently, and affective autonomy where individuals seek to find positive experiences for themselves, develop their own ideas, and act on them. This is like the Individualism-Collectivism dimension.

In the House *et al.* (2002) study 10 of the 18 dimensions were significantly correlated with individualism. Analysis of the Trompenaars (1993) database showed two dimensions that were correlated with individualism and the second was also correlated with power distance (Smith *et al.*, 2002).

Most researchers have employed two of Hofstede's dimensions in their studies: power distance and individualism/collectivism, whilst ignoring the other three. Employing a range of dimensions can risk multicollinearity, for instance, in the House *et al.* (2002) study future orientation, uncertainty avoidance, and low power distance have been shown to be to some extent correlated. Smith (2006) asserts that it is important to know what dimensions are independent of one another and that in both the Hofstede and the House *et al.* study items that might be expected to define preconceived dimensions were factored together.

2.10 The Social Axiom Dimensions

Leung *et al.* (2002) argued that to be able to understand the social psychology of people there was a need for broadening the approach from values to general beliefs or generalised expectancies, which they called social axioms, which are basic premises that people use to guide their daily lives. 'Social axioms, like values, are instrumental for individuals in coping with a set of universal problems', according to Leung *et al.* (2002, p. 131), and people will endorse these to varying degrees and use them to guide their behaviour (Leung and Bond, 2004).

According to Leung *et al.* (2007), social axioms are judgments about the social world which are acquired through social experiences, like values, they

are context-free, but they are distinct and independent of values. Leung *et al.* (2007) claim studies have shown they are able to predict preferences and behaviour.

Singelis *et al.* (2003) claim social axiom surveys measure pure beliefs in contrast to other personality measures which often mix up values, attitudes, and beliefs. Leung *et al.* (2002) agreed on five factors which were based on interviews from five countries: Hong Kong, Venezuela, the USA, Japan, and Germany and they described these as: 'generalized beliefs about oneself, the social and physical environment, or the spiritual world, and are in the form of an assertion about the relationship between two entities or concepts'. They assert social axioms exist to cope with universal problems and so the structure of them is identifiable to all cultural groups, although endorsing each of them will vary by culture.

The inductively derived axioms imply certain behaviour and they are empirically based, etic constructs (Leung and Bond, 2004). Five social axioms were uncovered by Leung *et al.* (2002). The first axiom is cynicism which is a negative view of human nature, being mistrustful and which therefore justifies being non-ethical in dealing with others. The second axiom is social complexity which is the belief there are many ways to achieve a given outcome and the view that inconsistency of behaviour in people is commonplace and necessary in different contexts. It is concerned with variability in behaviour and the number of influences that may exist in determining outcomes. It correlates negatively with tradition and conformity this being because these are close to the adherence of social and moral norms, and positively with independence and openness to different views and variety (Leung *et al.*, 2007). The third axiom is reward for application which is the belief that effort, knowledge, and planning will lead to positive results and is correlated negatively with tradition, but positively with conformity (self-discipline, politeness, and obedience) (Leung *et al.*, 2007). The fourth axiom is fate control, which is concerned with whether one can control the events happening to oneself and whether are predictable. The fifth axiom is religiosity or spirituality which is a belief in supernatural forces.

Although, social axioms and values are distinct concepts, they also overlap, and the relationship can be complex, and the ways axioms influence behaviour is different from the way values do (Leung and Zhou, 2008). Fu *et al.* note: 'Beliefs represent an individual's perceptions of reality. Values are more stable, long-lasting beliefs about what is important' (Fu *et al.*, 2004, p. 285). Social axioms can combine with values to generate behaviour, though the way they are linked varies from culture to culture (Leung and Bond, 2004). Bond *et al.* (2004b) integrated social axioms with values to construct a more complex framework to explain and predict behaviour. They saw axioms as perceptions of the social context, whilst values are motivators, some relationships between social axioms and behavioural intentions were found, but the relationships between behaviour and values are not strong. According to Keung and Bond (2002), the overlap between axioms and values is small, and the studies by Bond *et al.* (2004a) and Leung *et al.* (2007) also showed that social axioms are only weakly correlated with values as measured by Schwartz (1992). Values and social axioms showed no great overlap, according to Singelis *et al.* (2003). Leung *et al.* (2007) examined the relationship between social axioms and Schwartz's (1992) values and found the relationships were weak.

Bond *et al.* (2004b) suggested that reward for application is likely to lead to preference for jobs where the effort-reward relationship is greater and social cynicism should lead to a negative correlation with collaboration. Singelis *et al.* (2003) found social cynicism to be correlated with low interpersonal trust (amongst American students). Bond *et al.* (2004b) found the social axioms of social complexity, social cynicism, and fate control had an impact on collaboration and compromising styles in negotiation with high social cynicism being correlated with a lower preference for compromising and collaborative styles (due to not trusting the other side).

Singelis *et al.* noted that future research is needed to establish the discriminant validity of the social axioms survey from other personality constructs and that determining the differences between cynicism and Machiavellianism will require additional empirical data (Singelis *et al.*, 2003).

The cynicism axiom is a belief and it has a multicultural origin too, unlike Machiavellianism.

2.11 The Machiavellian Dimension

Machiavelli (1513, 1998) noted many leaders had a lack of concern for conventional morality, any ideological commitment, and that they were, in the term of today, psychopathic. Machiavellianism are manipulative strategies of social conduct which are not correlated to intelligence or success, and this social conduct: 'is based entirely on expediency and is devoid of the traditional virtues of trust, honour, and decency' (Wilson *et al.*, 1996, p. 285).

Dahling *et al.* (2009, p. 219) wrote: 'Machiavellianism is conceptualized as one's propensity to distrust others, engage in amoral manipulation, seek control over others, and seek status for oneself'. Leary *et al.* (1986) assert 'high-Machs' are not more immoral or amoral than 'low-Machs', but they have an ethical code that differs from 'low-Machs', that is, they have one based on rationality or relativism rather than a moral absolutist one. 'High Machs' trust less and they lack consistency due to their opportunistic behaviour and they may put less importance on behaving ethically as their focus is on rewards.

Christie and Geis (1970) produced the first serious research on Machiavellianism as behaviour with their 'Mach' tests. They were inspired to produce the 'Mach IV' directly from Machiavelli's 'The Prince' (1513, 2015) and from an analysis of his work. Christie and Geis (1970) assert that someone who agrees with the ideas of Nicolo Machiavelli behaves differently from someone who does not. They defined 'Mach' as comprising four elements: little concern for ideology, absence of psychopathology, no conventional ethical standards, and a detached approach to interpersonal functioning. They produced a 20-item Likert scale and in the test, high and low scorers were given the titles 'high-Machs' and 'low-Machs' respectively to distinguish types of behaviour. The questions were based on interpersonal tactics and perception of human nature and endorsing these was recommending deceit and cynicism about the nature of people, and a disregard for morality. The questionnaire had three themes: interpersonal interactions using manipulative tactics, a cynical view of human nature, and a disregard for conventional morality.

Rauthmann and Will (2011) see Machiavellianism as a multidimensional concept with five main factors which are: cold, selfishness, and strategic, behaviour which is manipulative and exploitative' cognitions which are negativity about the world, preparing plans and tactics, desires which are agentic, that is, pursuing status, money, and power, and a lack of concern for ...harmony. The Wilson *et al.* (1996) concept of Machiavellianism differs from that of Christie (1970), by not being moralistic as in the Christie and Geis (1970) understanding of the term, and instead focusing on flexibility and competitiveness. They believe 'high Machs' can be cooperative, but only until it no longer suits them, and they are motivated to seek their own goals and gain high status though they work with the norms and values in their environment. Okanes and Murray (1980) agree that Machiavellianism is not all manipulative and incorporates cooperative styles. Sakalaki *et al.* (2007) found that Machiavellianism is correlated with economic opportunism with his study of students in the USA using the 'Mach IV' scale. However, a problem with Machiavellianism is that although this type of behaviour can provide benefits, these are unlikely to be sustainable (Veiga, 2004).

Jones and Paulus (2010) link Machiavellianism to the writings of the Chinese military strategist Sun Tzu of 500 B.C. In these writings 'duplicitous' behaviour is condoned (at least in warfare) and strategic planning recommended. The authors suggest the profiles for success are similar to those espoused by Machiavelli and comprise: long-term goals, planning and preparation, controlling impulses, adapting to the situation, building alliances, and creating a reputation for achievement, though there are also differences between the behaviour these two writers describe as Hawley points out (2006).

Machiavellianism has now been established in psychological research and there were more than three hundred references to it in academic papers even by 1996 (Wilson *et al.*, 1996). Dahling *et al* assert: 'Mach is a construct that should be examined more closely in organisational studies due to the potential it has to inform so many areas of research' (Dahling *et al.*, 2009, p. 225).

2.11.1 General Criticism of the Machiavellianism Tests

Machiavelli operated in a European environment and in the fifteenth and sixteenth centuries. He was analysing Christian, Italian city states in the rather chaotic time of 'Renaissance' Italy. Nelson and Gilbertson (1991) stated that the application of mediaeval maxims to contemporary times is problematic. Even those that claim that Machiavelli's statements are timeless shenanigans cannot escape the fact that there are substantial differences between the time Machiavelli wrote and the present.

Machiavelli was writing about politics and Christie and Geis (1970) were doing the same. Kessler *et al.* (2010) point out Machiavelli's 'The Prince' (1513/2015) had as its purpose to give advice to leaders on how best to rule their subjects, whilst in an organisational context there are some similarities, it is not always the case. Kessler *et al.* (2010) suggested that the 'Mach IV' scale might be able to be applied to general life, but that it does not apply to the workplace where behaviour differs from life outside.

The Christie and Geis (1970) model of Machiavellianism, has been criticised for inconsistent reliabilities Moss (2004) and Panitz (1989) believes the model had construct invalidity after conducting a factor analysis. Hunter *et al.* (1982) found the model lacked construct validity too. Rauthmann and Will (2011) comment that the 'Mach IV' test has been criticized for response style issues, that is, it suffers from getting socially desirable responses so that its overall reliability may be low. Nelson and Gilbertson (1991) also pointed out the social undesirability of many response choices in the 'Mach IV' questionnaire.

However, although there has been criticism of the 'Mach' test, and indeed, they add to the criticism this does not mean Machiavellianism does not exist maintain Wilson *et al.* (1996). In producing their Machiavellian questions Dahling *et al.* (2009) rejected the original 'Mach IV' questionnaire by Christie and Geis (1970) as having a political focus, an inconsistent reliability, ambiguous factor structure, poorly worded items that could confuse, and questions likely to upset those responding to the questionnaire. They introduced a Machiavellian model which they claim is more focused on management

studies, ethics, organisational politics, and trust to produce a construct more suitable for a business environment.

2.12 Traits and Individualistic and Collectivistic Societies

According to Church (2000) and Church and Katigbak (2000), traits are central to personality theory in the West where they are viewed as enduring aspects of a person and the key to their behaviour. Schweder criticizes this notion and comments: 'The data from personality inventories lends illusory support to the mistaken belief that individual differences can be described in a language consisting of context-free global traits, factors, or dimensions (Schweder, 1991, pp. 275-276). Church *et al.* (2005) also noted that individualistic cultures seem to have stronger beliefs in traits as deciders than those from collectivist cultures where roles and relationships are considered relatively more important, as well as the situation. They demonstrate that trait beliefs are more strongly endorsed in collectivist cultures than contextual theory, though those tested in the USA were higher in endorsing trait beliefs than those in the collectivistic Philippines and Mexico and were also lower in contextual beliefs. Triandis comments: 'Personality is less evident in collectivist cultures than it is in individualistic cultures, because the situation is such a powerful determinant of social behaviour', and is more predictable by looking at norms (Triandis, 1995, p. 74).

2.13 Norms

Gibbs (1981, p. 7) stated: 'A norm is a belief shared to the same extent by members of a social unit as to what conduct ought to be in particular situations or circumstances'. These can be customs, traditions, standards, rules, values, or fashions. A norm prescribes a particular form of action rather than a relationship between two entities. Norms are more important determinants of social behaviour in collectivist cultures, and attitudes are more important in individualist cultures, according to Triandis and Gelfand (1998). Upholding the social norm gives the upholder a feeling that the behaviour is appropriate, though this might not necessarily be privately accepted and just publicly accepted, and complied with (Turner, 1991). Garfinkel pointed out norms are not the pervasive and direct influencers of action, they guide

cognitive systems and the procedures people use in interaction, but they are often subconscious (Garfinkel, 1967).

The usefulness of social norms in predicting behaviour has been controversial. Some researchers argue that they are important in understanding and predicting behaviour such as Fishbein and Ajzen (1975) whilst others question their usefulness, such as Krebs and Miller (1985). Bontempo and Rivera (1992) and Kashima *et al.* (1992) believe in-group norms are more important than attitudes to collectivists.

The Chinese are much higher in uncertainty avoidance than Americans, and so can be expected to put more emphasis on rules, norms and various informal guides for attitudes and behaviour (Hofstede, 1991), (Huo and Randall, 1991). Argyle *et al.* (1986) found there is greater endorsement of norms of social behaviour in Hong Kong and Japan than there was in the UK and Italy and in the East there are more rules about 'face', maintaining harmony, and obedience. Wei and Li (2013) note that whilst Confucianism emphasizes the importance of different aspects of propriety: face, 'guanxi', reciprocity, moderation, and group adherence. However, it also recognises that conflicts exist and these are tolerated by Confucianism if direct confrontation is avoided. Fischer (2006, p. 1425) noted: 'If a particular behaviour is subject to social norms, personal values should not be strongly related to this particular behaviour.'

2.14 Informal Institutions in China

Ghertman *et al.* (2005) maintain that informal institutions in the East have greater importance than formal institutions compared to the West. At the time of Confucius, there were other philosophies in existence, such as Buddhism and Daoism, but Confucianism blended with these and so an emphasis on this when studying China is necessary (Cheung *et al.*, 2001). Chatterjee (2001) comments: 'The traditional value frameworks combining Confucian, Taoist, and Buddhist principles and practices have long been the surrogate of a well-defined legal structure in China'.

King and Bond (1985) acknowledge that Chinese culture is not homogenous, but Confucian values have played an important role in the

behaviour and the character of the Chinese since the time of Confucius. 'Confucianism' is a socio-political value system that Confucius and his followers introduced into China. Redding observes in his writings on China: 'Confucianism is still the most appropriate single-word label for values which govern social behaviour' (Redding, 1993, p. 2). It is an ethical system, consisting of values to guide social, economic, and political behaviour (Martinsons and Westwood, 1997) and addresses individual behaviour and the relationship of the individual with other people. Confucianism is thought by many to have very significant influence on Chinese business culture/practices (Ghauri and Fang, 2001), (Robertson and Hoffman, 2000), (Ahmed and Li, 1996). The most important elements of Confucianism are the three basic guides: the ruler guides the subject, father the son, the husband guides the wife; the five constant virtues: benevolence, righteousness, propriety, wisdom, fidelity; and the doctrine of the mean (harmony). Harmony can be defined here as inner peace of mind, contentment, and the avoidance of conflict (Cheung *et al.*, 2001). Furthermore, a Chinese would be inculcated with 'guanxi', 'hexie' (harmony) which emphasizes efforts to maintain a harmonious society (Chew and Lim, 1995) and 'renqing' which is being kind, benevolent, righteous, and respecting others' feelings (Fu and Tsui, 2003). The Chinese would consciously and unconsciously use them to guide daily activities (Chen, 1995).

Yum (1988) claims the East Asian orientation towards social relationships rather than American individualism is due to Confucianism. The emphasis being on proper social relations rather than the general collective. Confucianism means in relation to interpersonal relationships particularistic rather than universalistic relationships, that is, relationships are regulated according to the status of people and the context too, but Confucianism sees relationships as reciprocally obligatory and everyone is embedded in mutual debts. There is also an in-group/out-group distinction which means affiliation with a small group of people over a long period of time, but there are no universalistic codes for others outside the system.

According to Chen *et al.* (1997), Confucian ideals are not opposed to capitalism, but 'correct' behaviour is considered more important than behaviour

that can produce profitable results. There are strong pressures to conform in Chinese society, and it is expected that people are loyal and pious to leaders, employers, and to government officials due to the influence of Confucianism (Chen *et al.*, 1997). Confucian philosophy leads to a different management style from that in the Western World, it is collectivist, highly bureaucratized, and formalized, but is changing too (Chen *et al.*, 1997).

2.15 Confucian Dimensions

The Chinese Culture Connection (1987) study identified dimensions that were based on the values Chinese social scientists listed as important to the Chinese and this was later called the Chinese Value Survey (CVS) and is an emic construct. The authors divided the values they found into two groups. The first group formed Confucian dynamism: defined as those values in the teachings of Confucius that they believe are future-orientated, persistence, status-orientated relationships, thriftiness, and a sense of shame. The second group comprised those Confucian values they believed are past-orientated: steadfastness, stability, protection of face, respect for tradition, and reciprocation of gifts (Yeh and Lawrence, 1995). The values in the Chinese Culture Connection (1987) study were also divided into the following groups: 17 value statements on integrity and tolerance as part of development of self (CVS1); 10 value statements on Confucian ethos regarding relationships with others (CVS2); nine value statements on social responsibility relating to loyalty to ideals and humanity (CVS 3); and three value statements on moderation and moral discipline (CVS 4).

In their study Ralston *et al.* (1999) found that value differences were significantly different amongst different generations, that is, lower in collectivism and Confucianism and higher in individualism if they are younger. However, another study contradicted this claim suggesting some elements of Confucianism were diminishing whilst others were not, even with Westernization, so that benevolence and temperance (harmony), and persistence remained (Heffernan and Crawford, 2001).

Some researchers suggest there is a movement from collectivism to individualism in the Chinese culture (Steele and Lynch, 2013), (Faure and Fang,

2008). Though Faure and Fang (2008) believe that though the Chinese are more often showing greater individualism the influence of the group and society is still dominant in Chinese society.

Jaw *et al.* (2007) with their use of individual-level measures of Confucian dynamism values found Confucian dynamism has a bigger impact on Chinese work values than do Hofstede's (1980) masculine and individualistic values. They also found that the Chinese who had worked or studied in the West had on average higher scores for Confucian dynamism (contrary to what was expected) and individualism than the Chinese who had not. Redding *et al.* (1994, p. 671) comment: 'Social and moral values precede personal and competence values, thus suggesting the drives towards conformity commonly noted in Chinese behaviour'.

2.15.1 'Face'

The Chinese tradition factor that includes 'renqing', harmony, and 'face' is central to interpersonal relatedness (Cheung *et al.*, 2001). 'Face' is the pattern of orientations in interpersonal and hierarchical connection and concerns how to act socially to enhance or avoid losing face (Cheung *et al.*, 2001). The concept of 'face' dates back more than two thousand years in China (Hu, 1944). Saving 'face' has a complex effect on bargaining but as Brown asserts: 'In some instances, protecting against loss of 'face' becomes so central an issue that it swamps the importance of the tangible issues at stake and generates intense conflicts that can impede progress toward agreement and increase substantially the costs of conflict resolution' (Brown, 1977, p. 275). Chinese 'face' is a Chinese conflict preventative mechanism used mainly to enable harmonious relationships. 'The Chinese concept of 'face' includes four characteristics: relational, communal/social, hierarchical, and moral (Jia, 1997-8, p. 45). With more 'face' it is easy for the Chinese to develop a personal relationship and this can lead to compromise being an effective style in conflict management (Jia, 1997-8).

Brown and Levinson believe that 'face' is a universal concept, but in different cultures the effect is felt differently (Brown and Levinson, 1978, pp. 247-25). Oetzel and Ting-Toomey (2003) assert that everyone tries to maintain

'face' in all their communication strategies and that it is influenced by cultural individualism-collectivism. People from individualistic cultures tend to use more dominating styles and less conflict-avoiding ones as this is learned within the socialization process of a cultural group. Individuals learn the norms and scripts for appropriate and effective conflict conduct in their immediate cultural environment. These also influence individual-level values, attitudes, and behaviour. 'Face' tends to be more important in collectivist societies.

2.15.2 'Guanxi'

'Guanxi' is a 'set of personal connections which an individual may draw on to secure resources or advantage when doing business or in the course of social life', according to Davies (1995). According to Chen and Chen (2004), 'guanxi' is an indigenous Chinese construct and is the connection between two individuals who maintain a long-term relationship which entails obligations and loyalty. It can be traced back to Confucianism as it is concerned with how individuals exist in relation to others and personalizes human relationships including in organisations. 'Guanxi' is an extension of 'ren' (benevolence) and 'li' (loyalty, deference, and respect) and these will contribute to trust 'xin' and harmony, and will generate mutual benefits to all parties (Romar, 2004). Indeed 'guanxi', 'minzi/lien' (face), 'renqing' (favour given by others), and 'xinying' (trust) are interdependent in Chinese communities, according to Xiao (2004). Lovett *et al.* (1999) stress that 'guanxi' is different from bribery in that bribery assumes a gain or loss calculation and is short-term whilst 'guanxi' is long-term and the gain or loss is not so easily calculated as an emotional bond also exists. 'The concept of 'guanxi' also is different from 'networking,' or personal connections as employed in the West due to its central importance to one's social, political, and economic life.' (Alon, 2003, p. xix).

'Guanxi' networks in China arose due to the desire to engage in trade when the legal system did not provide adequate protection. Even today these networks are a very important ordering factor in Chinese society and nearly all Chinese are a member of at least one network (Schramm and Taube, 2003).

There is a debate about whether 'guanxi' will continue or die out, but as of yet what the outcome will be is not clear, according to Ai (2006). Guthrie

(1998) found that managers were increasingly distancing themselves from 'guanxi' practices. However, due to path dependency 'guanxi' may survive and Xin and Pearce (1996) assert that 'guanxi' is especially important for private businesses in China which lack the protection of governmental support, and Michailova and Worm (2003) believe 'guanxi' is not lessening in its influence and may be increasing as socialism lessens in practice. Even if laws are imported from the West the response of the Chinese to this will be determined by their culture: 'An analysis of the factors that determine such processes of institutional change - institutional performance, cost structures, path dependency and embeddedness - shows, however, that a substantial displacement of the 'guanxi' networks, even with a further strengthening of the Chinese legal system, is hardly to be expected in the short run' (Schramm and Taube, 2003, p. 2).

'Guanxi' is likely to continue despite the advantages of a legal system with its lower transaction costs and more selection of partners being possible suggests North (1990). Lovett *et al.* (1999) agree with Boisot and Child (1996) who believe China is moving towards a network capitalistic system based on relationships rather than towards market capitalism and in such a system 'guanxi' would have a place.

2.15.3 Chinese 'Stratagems'

Chinese culture has a strong strategic part referred to as the 'Chinese stratagems'. The 'stratagems' were introduced more than two thousand years ago by the Chinese military strategist Sun Tzu in his work: 'The Art of War'. Ghauri and Fang (2001) explained that the stratagems are a Chinese framework through which situations can be dealt with to advantage.

'The Thirty Six Stratagems' were added to Chinese culture and knowledge of these and Sun Tzu's work have been passed down from one generation to the next. The central idea in both of these works is to 'subdue the enemy without fighting' (Ghauri and Fang, 2001, p.9). The stratagems provide Chinese negotiators with a competition-orientated negotiation strategy that is designed to win as much as possible at the expense of the other party and is the opposite of the cooperative approach to negotiation strategy offered by

Confucianism. Chinese negotiators use the 'stratagems' and a competitive approach when they do not have a trust relationship with the party with which they are negotiating (Ghauri and Fang, 2001).

2.16 Formal Institutions in China

Ahlstrom *et al.* (2003) note that where law in China is concerned there is a lack of codified law, an archaic penal code, variation in laws across regions, bureaucratic interference, and arbitrary application of laws. China has only recently begun to build statutory law and case law and there are variations pertaining to different business sectors too. In 1987 the first civil code was introduced, and since this more laws have been added especially in the economic and civil areas and many of these are Western in style. However, there is often a gap between what the law says and what happens in China. The Chinese have historically used (in order) human sentiment 'chi'ing', then reason 'li', then law 'fa' as a way of dealing with differences, and this traditional legal culture is more than two thousand years old, which means laws of less than twenty years are not likely to supplant it. In China 'li' is the moral code and 'fa' is criminal law, the latter of which is to be applied only if absolutely necessary. Chinese civil law does not attempt to try to be non-political, but to further the public interests of the Chinese state and that of a socialist society. Hagedorn comments that Chinese civil law does not attempt to try to be non-political, but to further the public interests of the Chinese state and that of a socialist society (Hagedorn, 2002). Judges have rarely studied law and are expected to follow Communist Party policy, and lawyers are state employees.

There is no proper tradition of contract law in China. In China not only knowing contract law, but the political climate, and having 'guanxi' are important (Hagedorn, 2002). Nevertheless, Ghertman *et al.* (2005) believe China will invent more of its own formal institutions and also adopt some Western ones, and they need Western-style ones to be accepted into the international community.

2.17 Etic and Emic Approaches

Etic based research is that which can be described from a view external to the culture and can be applied to other cultures, whilst emic research is that

as seen by cultural insiders using constructs drawn from self-understandings (Morris *et al.*, 1999). Berry (1969), who first used the distinction in cross-cultural psychology, noted that etic behaviour can be compared using common definitions or metrics, whilst emic (culture specific) are those behavioural characteristics that are unique in a certain environment. Etic dimensions have the advantage of being more universally understood, whilst emic dimensions capture those dimensions that are missed by etic dimensions, as these pertain to a particular society.

Etic research can lead to the researcher missing important aspects of the phenomena studied. Often instruments comprising items reflecting Western conditions are translated and assumed to be etic and little regard is given to the reliability and validity of the instrument in the non-Western culture (Davidson, 1976). Berry wrote: 'There is a long-standing tension in cross-cultural psychology between those who propose working intensely within a single culture in order to discover and comprehend indigenous psychological phenomena and those who seek to work extensively across culture in order to produce universal generalizations about human behaviour that are valid for the species as a whole' (Berry, 1980, p. 84).

Most cross-cultural research has been etic or ethnocentric, that is it has been designed and tested in one culture and then replicated in another and is therefore culture-bound. Indeed, many theories have been developed in the USA and then applied elsewhere. Psychology was developed in the West has resulted in non-Western cultures being studied through a Western prism and etic-based psychological questions are often the result of what Yang and Bond referred to negatively as employing the 'law of least effort' (Yang and Bond, 1990) and result in many surveys that do not measure local personality well (Berry, 1997).

Emic studies allow for the idiosyncratic elements of a society to be taken into account (Pike, 1967). However, Pike (1967) wrote that etic studies are needed so similarities and differences can be recognised. With an etic approach shared frames of references are deployed and, therefore, more generalisability is possible and differences and similarities are recognisable. A cross-cultural

study is one that in some way accounts for differences between cultural settings even if it does not directly compare data in different countries (Poortinga, 1997).

Lett (1990) suggests both emic and etic understandings are necessary to understand the relationship between the particular and the general. Morris *et al.* (1999) proposes that etic/emic is a continuum. A mixture of etic and emic approaches has sometimes been called etic/emic or the imposed-etic approach have sometimes been used in research studies where some concepts, usually taken from American research, are combined with emic measures from researchers in different countries (Fu *et al.*, 2004). Triandis and Marin (1983) and Triandis (1972) used the term 'pseudo-etic' for constructs that are just assumed to be characteristic of many cultures, rather than all specific cultures whilst Berry used the term 'imposed-etic' and 'derived-etic' in a similar way (Berry, 1990). Although, there is a danger with this approach is that the constructs may not be as universal as is hoped.

Morris *et al.* (1999, p.789) suggest emic and etic approaches: 'are partly able to counteract one another's theoretical weaknesses in describing culture'. The advantage of a mixture of etic and emic dimensions in a single study is that they allow for more scope to define the social psychological characteristics of a person.

2.18 Transactional Negotiations

According to Rubin and Brown (1975), negotiation is a process by which people try to settle what each shall give, take, perform, and receive in a transaction between them. Negotiations are an essential feature of all business interactions and entail the creation of value through the initiation of new transactions and take various forms such as buyer-seller negotiations, joint venture or merger negotiations, and many others (Brett, 2000).

Rojot (1991) maintains negotiation exists within a framework of three levels: in a certain environment, as a process, and as an interaction between people. With regard to process, if there is a continuation of a relationship between negotiating parties that relationship has value that is independent of the current negotiation and can lead to cooperation due to three reasons. The first reason is that trust exists between parties if they are in a continuing

relationship and so cooperation is more likely. The second reason is that if the relationship will last beyond the negotiation the course of the negotiation will influence the future of the relationship. The third reason is that the negotiation will have long term effects, although it is the current negotiation that is the main concern. Lewicki *et al.* (2010) point out that though negotiation is about tangibles, which they call the prize, it is also about intangibles such as principles, reputation, and maintaining a good relationship with the other side, and these are founded on values and beliefs. 2.18.1 The 'Dual Concern' Model

The 'dual concern' model has been used to show different styles in conflict or negotiation, that is, the tendency of a person to handle matters in the same way. However, it is, according to Pruitt and Rubin (1986), a strategic choice based on the person's perception of which style achieves success in a given situation and is therefore context-dependent. Lewicki and Litterer (1985) wrote that the tactics and strategies employed by a negotiator constitute the bargaining style.

The original Blake and Mouton 'dual concern' model (1964) proposed modes for handling personal conflict. Thomas (1976) and Rahim (1983) extended this by introducing two dimensions: 'concern for self' and 'concern for others' which are two motivational orientations. In their study of American business professionals they found several styles were used, but these were mostly obliging with superiors, integrating with subordinates, and compromising with peers, but there was also a secondary style which was compromising and dominating with superiors and avoiding with subordinates. All of these were plotted on a chart and when combined produced five styles of handling conflict.

The model was soon adapted and employed for negotiations by Walton and McKersie (1965) and this has come to be known as the 'dual concern' model of negotiation. The authors distinguished between what they called 'distributive' and 'integrative' styles. The 'distributive' bargaining style is a negotiation method in which two parties strive to divide a fixed pool of resources and each party tries to maximize its share of the distribution and it is therefore a fixed-sum game. The 'integrative' style involves making concessions to reach an agreement, but it mostly involves searching for mutually profitable options

and trade-offs, and is sometimes called an 'expanded-pie' approach as negotiators search for proposals other than the obvious ones that meet only their particular interests. Walton and McKersie (1965) noted that in their 'integrative' bargaining model both parties must reveal their own preferences in order to reach an 'integrative' agreement. Since that time the 'integrative' bargaining style has often been viewed as being preferable to the 'distributive' style because it is less conflictual and power-orientated. Though, more often it is the case that a more mixed rather than 'distributive' or 'integrated', is employed and a process of give and take or logrolling ensues.

Rahim (1983) measured five styles of conflict management: avoiding, compromising, obliging, integrating, and dominating. The dominating style is where one person's position or goal is put above the other and involves high concern for self and low concern for the other side (Rahim, (1983). The dominating style is the most confrontational and is characterised by not moving from the original position. Pruitt and Rubin (1986) suggest it is not used if there is a serious risk of alienating the other party. It is very much a 'win-lose' style. Some researchers call this style the competitive style. The use of threats, promises, persuasive arguments, positional commitments, and the like is considered competitive behaviour (Pruitt and Lewis, 1977).

Pruitt (1981) proposed a model where the styles for moving towards agreement in negotiation are yielding, contentious (also called competitive), and problem-solving, and they believe these three styles are partly incompatible. Conditions that encourage one will discourage the other two and if one is encouraged the other two will be discouraged.

The Organisational Communication Conflict instrument (OCCI) model by Putnam and Wilson (1982) was developed partly as the authors were unhappy with the low reliabilities of previous models, according to Wilson and Waltman (1988). Womack (1988) believes the OCCI is the more reliable measurement than other frequently used conflict management instruments, such as the Thomas-Kilman MODE Survey (Thomas and Kilman, 1974), or Rahim's Organisational Conflict Inventory-II (Rahim, 1983). The Putnam and Wilson (1982) OCCI model comprises three factors: non-confrontation (avoidance and

accommodation) obliging in Rahim; solution-orientation (direct confrontation, open discussion of alternatives, and acceptance of compromise and collaboration) integrating in Rahim; and control (direct confrontation) dominating in Rahim. Chua and Gudykunst (1987) used the OCCI model for people from 37 different countries. It has been used by a number of researchers more recently such as Chen and Liu (2000) in China, and Mao and Hale (2011) in China too suggesting that this instrument is applicable for a study in China.

Kimmel *et al.* (1980) stated that information exchange is related to the quality of negotiation outcomes. They claim: 'providing information about one's needs and priorities is risky because the information so given can allow the other negotiator to construct effective threats or locate and commit himself/herself to an offer that is barely acceptable' (Kimmel, 1980, p. 10). When aspirations are high, and there is high trust, cooperative behaviour can result and information is exchanged, whilst low trust produces 'distributive' behaviour and low or indirect information exchange. Providing information is a way for a side to demonstrate they have a problem-solving style, but there are risks as it could produce a lower outcome for that side. Information exchange is still a part of 'distributive' negotiations though, it is tactical (Putnam and Jones, 1982), (Wilson and Putnam, 1990) and negotiators want to get as much information as they can and give as little as they can get away with to the other side (Walton and McKersie, 1965).

Holmes (1992) states that phase models address the negotiation processes, that is, the sequence of events that make up the story of the negotiation, set in coherent periods. The number of phases differs by models, but all identify three main phases; initiation, problem solving, and resolution.

2.18.2 China and Transactional Negotiations

Hofstede and Usunier (2003, p. 137) comment: 'National cultural programming leads to patterns of thinking, feeling and acting that may differ from one party in an international negotiation to another'. Salacuse (1999, p. 217) agrees with this and writes: 'Culture profoundly influences how people think, communicate and behave, and it also affects the kinds of deals they make and the way they make them'.

Hofstede (2001) suggests the cultural level dimensions he uncovered can affect negotiation processes in the following ways: power distance influences the degree of centralisation of the control and decision-making structure, and the importance of the status of the negotiators; whilst the collectivism dimension influences the stability of the relationship between the negotiators.

Ma and Jaeger (2010) suggest collectivists are more likely to try to preserve harmony when negotiating than individualists who will be more focused on their self-interests, and highly individualistic negotiators can be forceful and self-assertive. They note: 'Negotiation style is a generalized, enduring tendency for people to respond to negotiations in a similar manner across situations and times' (Ma and Jaeger, 2010, p. 338). However, they add different negotiations require various negotiation skills and techniques and researchers often analyse only one situation which cannot be used to represent all negotiations.

Communication in China is influenced by being 'high-context', that is, it is necessary to interpret carefully what is said, relationships are important, and therefore negotiations are slow as first it is necessary to gain trust, and contracts, when eventually signed, do not necessarily include everything that is in the agreement (Chee and West, 2004).

Past research on negotiating styles of Chinese and American negotiators has produced conflicting results. Morris *et al.* (1998), in a study comparing the Americans and Chinese, found that Americans use a competing negotiation style more than do the Chinese. Salacuse (1999) in their study found the Chinese are keener on a 'win-win' negotiation than the Americans, whilst

Tinsley and Pillutla (1998) found American negotiators have a stronger tendency towards a problem-solving and 'integrative' style than Chinese negotiators. Peng *et al.* (2000) commented that the Chinese have a tendency to use avoiding styles more than 'Westerners' in conflict management, but with the compromising style they are similar to 'Westerners' in usage. Ma (2007) found that in China there was a preference for a compromising style, followed by avoiding, and then competing and collaborating styles. Peng *et al.* (2000) noted that the Chinese have a tendency to use avoiding styles more than Westerners in conflict management, but in their use of the compromising style they are similar to Westerners. The Chinese are more likely to avoid conflict than Canadians and more interested in maintaining interpersonal relationships finds Ting-Toomey (1991).

On conflict styles Leung and Iwakaki (1988) noted that members of individualistic cultures used a direct style of communication and solution-orientation rather than the indirect and conflict-avoiding style preferred by those in a collectivistic culture. This finding was similar to that by Leung (1988). Ting-Toomey *et al.* (1989) found members of individualistic cultures preferred direct conflict communication styles and solution-orientated styles more than members of collectivistic cultures, whilst members of collectivistic cultures preferred conflict-avoidance styles. They claim the evidence suggests those in individualistic cultures prefer direct communication and solution-orientated whilst those in collectivistic cultures prefer obliging and conflict-avoidance styles.

Fang (2006) writing on preferred negotiation styles, suggested that the Chinese negotiation style is a mix of the two styles which he refers to as a 'coop-comp' style meaning that Chinese negotiators can negotiate both cooperatively and competitively and that this choice of style is dependent on trust between both parties. When trust between the two parties is high negotiators will use a cooperative style and when it is low they will employ a competitive style.

According to Zhao (2000) and Buttery and Leung (1998), Chinese negotiation is done in an opposite way to that of Americans as at the beginning

the Chinese try to establish agreement on general principles before moving on to specifics as they wish to avoid or postpone confrontation whilst Americans get into the details quickly, the emphasis in China being on a long-term cooperative relationship rather than on a written contract as the long-term orientation reflects Confucianism which encourages perseverance and thrift.

Trubisky *et al.* 1991) taking Hofstede's ratings for individualism plus the Chinese Cultural Connection (1987) found that the more individualistic negotiators are, the less likely they are to adopt the avoiding style, but that no difference existed in the use of the compromising style between individualists and collectivists, use of the obliging style is also mixed, and the integrating style is more used by individualists than collectivists, and the obliging style is related inversely to how individualistic a people are, whilst a domination style is more used by the Chinese than 'individualistic' Americans and the French.

Chapter 3: Research Design and Methodology

3.1 Introduction

This chapter reviews the research design and the theoretical framework that provides a foundation for the methodology. It discusses the survey method, quantitative techniques, research procedures, sampling procedures, the development of the data collection instrument, the data analysis, and ethical considerations. Raw data will come from the survey responses and the data will be analysed using SPSS Version 23. Descriptive statistics will be reported for sample demographics and the independent and dependent variables of interest. This chapter also introduces SEM, explains why PLS-SEM was chosen for the study, and presents the original PLS-SEM that the author devised.

3.2 Purpose Statement

The primary purpose of the study is to determine if an individual's core beliefs and values significantly explain their preferred negotiation styles, and if time spent abroad has influenced their preferences. This was measured by a survey of 1,869 PE professionals in the PRC and Hong Kong. The model was analysed using a PLS-SEM. Statistical analyses were performed to see if there was a variation in responses between those individuals who have worked or studied in Anglo-Saxon countries and those who have not worked or studied in Anglo-Saxon countries. More information on the method of the study can be found later in this chapter.

Aside from the financial, the resources of a PE firm are mostly located in the people it employs (Caves, 1980). It is their skills, knowledge, and contacts that influence the success of the firm. Collins (2001) assert that it is not enough to have the right people in the organisation, but it is also necessary to have them in the right position within that organisation. In the PE industry, an important skill is the ability to negotiate deals and inappropriate styles can potentially lead to non-optimum results. So, it would be useful to have a means for assessing the values, beliefs, and preferred negotiation styles of PE professionals.

3.3 Development of the Hypotheses

There are two sets of hypotheses and these are based on the literature review (Chapter 2) and logic.

The first set of hypotheses concerns the selected social psychological variables and whether there is a difference between those who have worked or studied in Anglo-Saxon countries and those who have not.

The second set of hypotheses concerns the validity and strength of the relationships between the social psychological variables and preferred negotiating styles. These have been formulated to be tested by a PLS-SEM.

The selected variables are on the social relationship values: individualism, collectivism, and power distance; the indigenous philosophical/ethical factor Confucianism; the moral orientation Machiavellianism; business related core beliefs called social axioms, and negotiation styles. Although the hypotheses do not make a directional claim it is implied that overseas experience would have a significant influence on the measured variables.

Chinese PE professionals that have worked or studied in Anglo-Saxon countries may have been influenced by the different culture they experienced whilst living there in a way that can be measured using social psychological variables.

Hofstede argued that China is collectivistic whilst the USA (or indeed any Anglo-Saxon country) is individualistic (1980) as did Schwartz (1994). Triandis (1990) and Triandis *et al.* (1990) found the Chinese to be collectivistic and highly value any ingroups to which they belong. The Triandis (1995) dimensions of VI, VC, HV, and HC have been tested for American and Hong Kong citizens by Triandis *et al.* (1998). The dimensions were found to be valid, and Americans were found to be higher in individualism and lower in collectivism than those in Hong Kong. A similar study by Soh and Leong (2002) comparing Singaporeans and Americans found the latter were higher in HI and lower for VC.

Hofstede (1980) found South-East Asian societies scored highly on power distance as they also did in the Chinese Culture Connection (1987). Anglo-Saxon countries scored low.

From the literature review, it is clear that Confucianism is still of importance in China and that this is collectivistic rather than individualistic, and also that it influences the power distance dimension encouraging an acceptance of hierarchical relationships. Ralston *et al.* (1992) employing the Chinese Culture Connection (1987) found managers in Hong Kong were less influenced by Confucianism than managers in the PRC which the authors ascribe to Western influences in education and business. However, American managers scored far less than those in Hong Kong, and managers in the PRC scored much higher.

Machiavellianism, as explained in the literature reviewed, is indigenous to Europe, but has similarities to the principles enunciated by Sun Tzu, the Chinese military strategist, which has played a role in Chinese thought for two millennia and as Machiavellianism has been applied to many countries and found to be meaningful. However, fundamentally, it is a European concept closely related to individualism. Machiavellianism is contrary to the teachings of Confucius which stress the importance of harmony, especially with close associates.

Social axioms can be related to Confucianism, which stresses the importance of being ethical in dealings with others (not cynical), social complexity seems to contrast with the Confucian belief in conformity, and reward for application positively with the belief in knowledge, self-discipline, and planning of Confucianism, but is contrary to tradition.

On negotiation styles a review of the literature found that mostly collectivists focus on achieving harmony as opposed to the self-interestedness of individualists, but the results were mixed for China compared to the United States, though the tendency in China was to avoid antagonism, more than in the USA, especially with those with whom a long-term relationship was already in existence or was expected.

Kirkbride *et al.* (1991) noted the pervasiveness of traditional values that influence Chinese people and found this led to a negotiation style that is very different from an Anglo-Saxon style. The authors believed these values and accompanying 'guanxi' favour compromise and the avoidance of confrontation.

They also noted that high power distance is related to collectivism and claim that this leads to a desire to avoid conflict. Wilson also found collectivism leads to avoiding conflict and seeking compromise in disputes (Wilson, 1974).

Tang and Kirkbride (1986) found there was a difference between Hong Kong Chinese and the British in that the Chinese preferred compromising and avoiding whilst the British preferred collaborating and competing styles in conflict situations.

Brett and Okumura (1998) found US negotiators to be more individualistic, but lower in power distance measurement than the Japanese (like the Chinese who are also influenced by Confucianism), and that individualists focused on self interest in negotiations, whilst those influenced by a culture of higher power distance preferred distributive negotiation styles.

Leung (1997) and Ting-Toomey (1988) demonstrated that the Chinese avoid conflict and strove to maintain good relationships with accommodative strategies, whereas in the USA individualists are concerned more with autonomy and control. Lin and Miller (2003) found the Chinese use a power advantage less than Americans in negotiations as they view it as potentially damaging to a relationship.

Pearson and Stephan (1998) in their study of negotiating styles found Americans preferred negotiation styles that embodied a high concern for self and a low concern for others whereas the collectivistic Brazilians preferred a style that showed a high concern for others.

The above findings and the review of the literature led to the following hypotheses being proposed:

3.3.1 Hypotheses on Social Psychological Dimensions and Negotiation Styles

3.3.1.1 Individualism Hypotheses

H₁: There is a statistically significant difference between the responses on HORIND1 statements of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₂: There is a statistically significant difference between the responses on HORIND2 statements of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₃: There is a statistically significant difference between the responses on VERIND1 statements of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₄: There is a statistically significant difference between the responses on VERIND2 statements of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₀: There is no statistically significant difference between the responses on the individualism statements of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

3.3.1.2 Collectivism Hypotheses

H₅: There is a statistically significant difference between the responses on statement HORCOLL1 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₆: There is a statistically significant difference between the responses on statement HORCOLL2 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₇: There is a statistically significant difference between the responses on statement VERCOLL1 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₈: There is a statistically significant difference between the responses on statement VERCOLL2 of Chinese PE professionals who have worked or

studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₀: There is no statistically significant difference between the responses on the collectivism statements of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

3.3.1.3 Power Distance Hypotheses

H₉: There is a statistically significant difference between the responses on statement POWDIS1 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₁₀: There is a statistically significant difference between the responses on statement POWDIS2 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₁₁: There is a statistically significant difference between the responses on statement POWDIS3 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

3.3.1.4 Confucian Hypotheses

H₁₂: There is a statistically significant difference between the responses on statement CONFU1 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₁₃: There is a statistically significant difference between the responses on statement CONFU2 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₁₄: There is a statistically significant difference between the responses on statement CONFU3 of Chinese PE professionals who have worked or

studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₁₅: There is a statistically significant difference between the responses on statement CONFU4 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₁₆: There is a statistically significant difference between the responses on statement CONFU5 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₁₇: There is a statistically significant difference between the responses on statement CONFU6 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₁₈: There is a statistically significant difference between the responses on statement CONFU7 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₁₉: There is a statistically significant difference between the responses on statement CONFU8 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₀: There is no statistically significant difference between the responses on the Confucianism statements of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

3.3.1.5 Machiavellian Hypotheses

H₂₀: There is a statistically significant difference between the responses on statement MACHAMOR1 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₂₁: There is a statistically significant difference between the responses on statement MACHAMOR2 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₂₂: There is a statistically significant difference between the responses on statement MACHAMOR3 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₂₃: There is a statistically significant difference between the responses on statement MACHCONTROL1 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₂₄: There is a statistically significant difference between the responses on statement MACHCONTROL2 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₂₅: There is a statistically significant difference between the responses on statement MACHCONTROL3 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₂₆: There is a statistically significant difference between the responses on statement MACHSTATUS1 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₂₇: There is a statistically significant difference between the responses on statement MACHSTATUS2 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₂₈: There is a statistically significant difference between the responses on statement MACHSTATUS3 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₂₉: There is a statistically significant difference between the responses on statement MACHDISTRUST1 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₃₀: There is a statistically significant difference between the responses on statement MACHDISTRUST2 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₃₁: There is a statistically significant difference between the responses on statement MACHDISTRUST3 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₀: There is no statistically significant difference between the responses on the Machiavellianism statements of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

3.3.1.6 Social Axioms Hypotheses

H₃₂: There is a statistically significant difference between the responses on statement SACYNIC1 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₃₃: There is a statistically significant difference between the responses on statement SACYNIC2 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₃₄: There is a statistically significant difference between the responses on statement SACYNIC3 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₃₅: There is a statistically significant difference between the responses on statement SACOMPLEX1 of Chinese PE professionals who have worked or

studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₃₆: There is a statistically significant difference between the responses on statement SACOMPLEX2 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₃₇: There is a statistically significant difference between the responses on statement SACOMPLEX3 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₃₈: There is a statistically significant difference between the responses on statement SAAPPLIC1 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₃₉: There is a statistically significant difference between the responses on statement SAAPPLIC2 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₄₀: There is a statistically significant difference between the responses on statement SAAPPLIC3 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₀: There is no statistically significant difference between the responses on the social axiom statements of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

3.3.1.7 Negotiation Styles Hypotheses

H₄₁: There is a statistically significant difference between the responses on statement NEGCONTROL1 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₄₂: There is a statistically significant difference between the responses on statement NEGCONTROL2 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₄₃: There is a statistically significant difference between the responses on statement NEGCONTROL3 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₄₄: There is a statistically significant difference between the responses on statement NEGSOL1 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₄₅: There is a statistically significant difference between the responses on statement NEGSOL2 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₄₆: There is a statistically significant difference between the responses on statement NEGSOL3 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₄₇: There is a statistically significant difference between the responses on statement NEGNONCON1 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₄₈: There is a statistically significant difference between the responses on statement NEGNONCON2 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₄₉: There is a statistically significant difference between the responses on statement NEGNONCON3 of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

H₀: There is no statistically significant difference between the responses on the negotiation statements of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure.

3.3.2 Hypotheses on the relationships between Social Psychological Variables and Negotiation Styles (PLS-SEM)

H₅₀: Individualism has a strong positive relationship with the controlling negotiating style.

H₀: Individualism does not have a strong positive relationship with the controlling negotiation style.

H₅₁: Individualism has a weak positive relationship with the solution-orientated and non-confrontational negotiation style.

H₀: Individualism does not have a weak positive relationship with the solution-orientated and non-confrontational negotiation style.

H₅₂: Collectivism and power distance has a weak positive relationship with the controlling negotiating style.

H₀: Collectivism and power distance does not have a weak positive relationship with the controlling negotiation style.

H₅₃: Collectivism and power distance has a strong positive relationship with the solution-orientated and non-confrontational negotiation style.

H₀: Collectivism and power distance does not have a strong positive relationship with the solution-orientated and non-confrontational negotiation style.

H₅₄: Confucianism has a strong negative relationship with the controlling negotiation style.

H₀: Confucianism does not have a strong negative relationship with the controlling negotiation style.

H₅₅: Confucianism has a strong positive relationship with the solution-orientated and non-confrontational negotiation style.

H₀: Confucianism does not have a strong positive relationship with the solution-orientated and non-confrontational negotiation style.

H₅₅: Machiavellianism has a strong positive relationship with the controlling negotiation style.

H₀: Machiavellianism does not have a strong positive relationship with the controlling negotiation style.

H₅₆: Machiavellianism has a strong negative relationship with the solution-orientated and non-confrontational negotiation style.

H₀: Machiavellianism does not have a strong negative relationship with the solution-orientated and non-confrontational negotiation style.

H₅₇: Social complexity and reward for application has a weak positive relationship with the controlling negotiation style.

H₀: Social complexity and reward for application does not have a weak positive relationship with the controlling negotiation style.

H₅₈: Social complexity and reward for application has a strong positive relationship with the solution-orientated and non-confrontational negotiation style.

H₀: Social complexity and reward for application does not have a strong positive relationship with the solution-orientated and non-confrontational negotiation style.

H₅₉: Cynicism has a strong positive relationship with the controlling negotiation style.

H₀: Cynicism does not have a strong positive relationship with the controlling negotiation style.

H₆₀: Cynicism has as a weak negative relationship with the solution-orientated and non-confrontational negotiation style.

H₀: Cynicism does not have a weak negative relationship with the solution-orientated and non-confrontational negotiation style.

3.4 Role of the Researcher

Intermediary firms were utilized to aid with the data collection. There was no direct, undue influence on survey results or responses from the researcher who lives in the UK, and all the participants resided in the People's Republic of China or Hong Kong.

3.5 Participants

The target population of the study are Chinese PE professionals working in the PRC or Hong Kong and are indigenous to either of these places. Some of these are working for Chinese firms and some for Anglo-Saxon firms, that is, firms whose headquarters are in the USA, the UK, Australia, Canada, South Africa, or New Zealand. They are deal making professionals, not accounting personnel, support staff, chief executive officers, or chief financial officers who were excluded as they are not necessarily engaged in negotiations with those in other firms. The study does not examine PE firms of non-Western countries such as Japan, Germany, France, or Israel due to the fact that the informal institutions in these countries which play an important part in the study may be quite different from those of Anglo-Saxon countries.

The PE firms from these excluded countries and operating in the PRC or Hong Kong comprise less than five per cent of the total number of firms and number of professionals employed in China, according to both the MergerMarket PE database and the LinkedIn database as of mid-2015. Also, the study does not survey those working for funds, regulators, fund providers, or portfolio firms where industry norms could be quite different and the employees of these firms are performing quite different jobs with other factors possibly influencing them in a manner that would confound the study results.

The database of names and addresses of Chinese PE professionals was obtained from the MergerMarket database, the LinkedIn database, the Dealogic database, the Chinese Venture Capital Association database, and the Zero2IPO database, and news sources all of which were accessed in mid-2015.

The sample size is 1,869 Chinese PE professionals based in the PRC or in Hong Kong, working in 145 PE firms or the PE subsidiaries of larger companies. This is a fairly large sample of the total population. There are other PE firms operating in China which are either indigenous or Anglo-Saxon, but they have not been included in the survey database as their details were only available in Chinese, no names of the staff were available in the various database used, or their addresses were not available. Another thirty or so more PE firms were identified from the sources. Therefore, it is highly probable the

original sample size comprised well over half the number of PE professionals working for indigenous or Anglo-Saxon firms in China. However, as deals in the MergerMarket and Dealogic databases are only recorded if they meet the \$5 million minimum threshold for inclusion in the databases and some small deals receive no publicity so some very small firms undertaking such small deals may be underrepresented in the study. As many names and addresses as possible were collected for the database.

3.6 Research Paradigms

A research paradigm refers to the philosophies and beliefs that provide a guide to how research is to be implemented (Ticehurst and Veal, 2000). These are the assumptions with which the investigation starts and determine what problems are worthy of study and the methods applied to find the answers (Deshpande, 1983). They can help to better understand research designs, what kind of evidence is needed, how it can be interpreted, how this will provide answers to the questions being studied, and the related knowledge can help the researcher to understand which design is the best. Guba and Lincoln (1994) divide the different types of paradigms into four groups: critical theory, constructivism, realism, and positivism.

The critical theory paradigm is based on the analysis of common historical events from the viewpoint of political, economic, social, cultural, gender, and ethical values (Perry *et al.*, 1999). The constructivist paradigm argues that truth is subjective and based on people's perceptions of reality which results in multiple realities (Guba and Lincoln, 1994). The realist paradigm is based on the idea that there is an external reality and it uses triangulation of research methods to generate knowledge and considers research findings to be relatively true, rather than absolutely true, unlike positivism (Guba and Lincoln, 1994). The positivist paradigm is based on the approach used in the natural and social sciences (Hussey and Hussey, 1997). It is based on the assumption that the world is an observable reality and that theoretical propositions about this reality can be developed and tested. Often hypotheses are deduced from accepted principles and are statistically tested and behaviour is explored by data collection methods (Perry *et al.*, 1999). The

most common positivist methods are experiments and questionnaires (Hussey and Hussey, 1997).

Based on the above the author of the study believes a positive paradigm is the most suitable as existing theories are used, rather than developing new theory (Guba and Lincoln, 1994). Also, it uses quantitative data collected through a survey which is then analysed using statistical methods.

3.7 Research Method

In the social science field there are three main methodologies: qualitative, quantitative, and combined methods (Creswell, 2003). The difference between quantitative and qualitative research is that in qualitative research there is an absence of quantification, but also there is a difference in the epistemological foundation. In quantitative research a deductive approach to theory is employed and it is concerned with the testing of theory using a positivist approach and viewing social reality as external and objective, whilst in qualitative research there is a focus on the relationship between theory and research. It is concerned with generating theory and how an individual interprets the world. Womack (1998) claims quantitative approaches are not so easily able to take account of depth and complexity, but that they are useful for testing propositions and disentangling associations which is the case with this study.

Qualitative research involves describing, analysing, interpreting, and explaining the meaning of a phenomenon (Van Maanen, 1983). Qualitative research is usually deeper but has less structure and so it is often used in exploratory research (Jarratt, 1996). Quantitative research is suitable for variables that can be quantified and measured where hypotheses can be established by statistical testing and when generalisations can be drawn from samples of a population (Gay and Diehl, 1992). Ticehurst and Veal (2000) define quantitative research as the quantification of relationships between variables such as age or attitudes, and these relationships are explained by the use of statistical analyses, such as linear correlations, frequency distributions, or mean variance. Quantitative results are described in numbers (Creswell, 2003).

A quantitative approach uses statistical analysis and employs numerical evidence to draw conclusions or test hypotheses (Bakken, 1996). By employing quantitative research a study should also be replicable, adding to its validity (Kim *et al.*, 1998). The alternative, qualitative research is better employed for gathering a large amount of information about a small number of people where the information is not reducible to numbers. The research does not involve new concepts and so an exploratory research method is not suitable.

Quantitative research is suitable for the study because it has as its aim to gather data from a large number of samples in order to measure, analyse, and validate the model. The model employs concepts that has been used and validated in previous research. Its appropriateness is also due to the fact that the study concerns the relationship between variables (Creswell, 2003).

Trochim *et al.* (2006) advise that quantitative studies are used to demonstrate the relationship between independent and dependent variables. In the study the independent variable is defined as being Chinese from the PRC or Hong Kong and currently working in the PE industry in either of these places and participating in negotiations with other firms. The dependent variables are any time spent working or studying abroad in an Anglo-Saxon country, as well as reported preferred negotiation styles. The values and axioms of many people are investigated as part of the study. A case study approach involving interviewing so many participants would not have been practical. Also, with a potential language barrier and potential for suspicion on being asked belief and value questions by a foreigner, a mixed-methods approach was also not feasible.

3.8 Research Design

3.8.1 Descriptive Research Framework

Churchill (1999) categorizes business studies into exploratory, descriptive, and causal methods. The major objective of descriptive research is to describe the nature and composition of a population or a situation. The research process tries to find answers to questions of who, what, where, when, and how. The outcome is an organized description suitable for statistical calculations (Zikmund, 2003). The data collected and analysed from descriptive

research can help in understanding the characteristics of a group, and it can offer a complete picture of all aspects of the areas and build new ideas (Sekaran, 2003). The objective of descriptive research is to draw a picture or describe certain areas of the phenomena of interest from an individual, organisational, or an industry perspective (Sekaran, 2003). This type of research design is commonly used to evaluate the dimensions of a population with common interests and understand the relationship between the different elements (Emory and Cooper, 1991). The most commonly used research techniques for this type of research are open-ended and fill-in-the-blank surveys (Davis, 2004). Descriptive research can employ formal and structured interviews based on some previous understanding and assumptions of the existing nature of the research problems (Ghauri *et al.*, 1995).

3.8.2 Causal Research

The purpose of causal research is to find out the variables that might establish the 'cause-and effect' relationships between the variables causing particular actions and responses (Hussey and Hussey, 1997).

3.8.3 Exploratory Research

Exploratory research is employed by researchers when they do not have a clear picture of the problem and hope that this type of research will generate a starting point for new research. Common methods of exploratory business research include focus groups, case studies, and in-depth interviews (Ticehurst and Veal, 2000).

3.8.4 Descriptive and Causal Research

Quantitative research was judged to be suitable for testing the theory. The emphasis of the research is on testing theory rather than on building theory and therefore positivism is a suitable paradigm (Perry *et al.*, 1999). Of the various types of quantitative research designs, the descriptive and causal research designs were chosen. Descriptive research is ideal for describing the characteristics of social psychology in an organisational setting and the objective of the research is to establish what can be defined as 'cause-and-effect' type of relationships between social psychological values and beliefs and

negotiation styles. The variables were quantified in a questionnaire which allowed for the relationship between the variables to be tested.

3.9 Types of Research Techniques

A research technique is necessary in order to properly investigate and obtain answers from the research question and problems (Bryman and Bell, 2003) and there are three main ones; experimental, observational, and questionnaires.

According to Zikmund (2003), experimentation techniques aim to manipulate at least one independent variable and establish the cause and effect relationships in the research study. Experiments can be conducted in the natural environment setting or laboratories. Observational techniques are directly observing the behaviour and later analysing it and have the benefit that participants can act naturally rather than reacting to questions (Ticehurst and Veal, 2000). Questionnaires are a common method of collecting primary data and are suitable for asking sensitive questions as participants can usually answer anonymously (Zikmund, 2003). Questions need to be simple, self-explanatory, and easy to understand, as there is no one there to explain the questions, not too long, and be of interest to the participants or there could be a low response rate (Zikmund, 2003).

A questionnaire method was selected for the study as it allows for standardization, is suitable for studying attitudes, fairly reliable, accurate, efficient, and can often be used for making generalisations.

3.9.1 Types of Survey Administration

Questionnaire surveys can be administered by post, telephone interviews, and face-to-face interviews (Sekaran, 2003). The choice of an administration method depends on a number of factors. These include the financial resources available, time available, the research environment, the research objective, the characteristics of the participants, the sensitivity of the topics, and the structure of the questionnaire (Sekaran, 2003). Questionnaires can be conducted by telephone and are convenient, efficient, and usually low costing. Face-to-face surveys have the advantage that the researcher can ask questions directly. Postal surveys are relatively inexpensive and participants

can complete the questionnaire anywhere and at any time. Internet surveys can be distributed to participants by email or through a link on a questionnaire web page.

3.9.2 Data Collection Method

The study used posted self-administered questionnaires due to the distances involved, and convenience, and also the participants are busy professionals and likely would not have time for one-to-one interviews in person or by telephone. A back-up internet survey was produced, but this was not used as enough responses were obtained from the postal survey, though this was after reminder letters were sent.

A postal survey has advantages of relatively low cost, time efficiency, geographical flexibility, and is free of an interviewer effect as it is more anonymous (Kanuk and Berenson, 1975), (Sudman and Bradburn, 1982). It is believed there are higher response rates to shorter questionnaires (Smith *et al.*, 2003). However, the survey is quite long at 55 questions which were estimated to take approximately 20 minutes to complete. Therefore, it was possible that the response rate could be small.

The survey approach has been criticized as the researcher is some distance from the participants which can cause problems with answers to questions (Morris *et al.*, 1999). To address the problems highlighted by Davies and Walters (2004) of low response rates Luo (2001) advises using local collection agencies. It is not easy to predict how many questionnaires will be returned fully completed, but it is intended that enough are likely to be returned to give sufficient statistical power (Barclay *et al.*, 1986). The option exists to resend postal questionnaires with a reminder letter encouraging participation, or to send email questionnaires to those email addresses existed who did not respond to the postal survey.

Furthermore, in so-called 'universalistic' countries, academic questionnaires tend to be filled out more often, as this assists in the generation of a 'greater good', that is, knowledge gain in academia. By contrast, in particularistic countries, of which China is one, a favour is more likely to be done only to people with whom one has a direct connection.

3.10 Population and Sampling

Sampling uses a part of the population to draw conclusions about the whole population. It is necessary to identify suitable targets for a survey, although inevitably a large sample will be more accurate than a small one. There are two methods of selecting a sample: probability sampling and nonprobability sampling (Krueger, 1988). The advantage of probability sampling is that every member of the population has an equal chance of selection therefore reducing selection bias and improving accuracy (Zikmund, 2003). In nonprobability sampling, the chance of any particular member of the population being selected is not known in advance (Sekaran, 2003), (Zikmund, 2003). There are three main types of non-probability sampling. The first one is convenience sampling where a researcher uses the most economic or easily obtained samples. The second type is judgment sampling where a researcher selects samples based on his/her experience to try to ensure those chosen have similar characteristics. The third type is quota sampling where a researcher restricts the sample in each category and selects the appropriate participants.

The author of the study collected data from a sample based on convenience, which is that of one based on the availability of data in various databases. Nevertheless, all Chinese PE professionals that could be identified from the sources and had addresses were included.

3.11 Ethical Research

Ethical considerations are behavioural standards that guide moral choices and are important in protecting the rights of participants; therefore, they need to be made a part of the planning of research, according to Bryman and Bell (2003). The cover letter sent to participants stressed that the participant was free to not answer any question and withdraw from participation at any time and that by responding to the survey participants expressed consent to the publication of the data they provided. The cover letter disclosed to participants the objectives, topic, and the purpose of the research. It informed participants that the findings of the research would be available by request. Anonymity was granted to all participants. Subjects were not asked about intimate behaviours

or issues likely to cause distress or could in other ways be regarded as contentious or sensitive. No incentives to encourage participation in the study were offered except an offer in the covering letter to share the results with participants if they so wished.

The database produced was assembled from publicly available sources only, though there were costs associated with obtaining access to some of the databases. The questionnaires sent out were coded so that those who responded could be identified so as not to send them a reminder letter to respond when they had in fact done so. The reminder letter was sent out to all those in the sample that did not respond to the first letter. Phone calls were also made to encourage those who had not responded to do so. No further reminders were posted out, nor was an email or online version of the questionnaire provided as enough responses were obtained from the postal survey. The completed questionnaires were sent to me by two agencies contracted to carry out the survey. There were no special requirements for completing the questionnaire. The primary data obtained by the survey instrument will be stored securely by the author of the study. There are no indications on the data as to whom the respondents are and at which firms they are employed.

The informed consent process involved fulfilling requirements set by the University of Bradford. The Ethics Approval Panel gave approval for the study in April 2016 based on the 'Research Ethics Application Form' submitted. The study met all the ethical standards established by the university.

3.12 Data Collection Instrument

The data collection tool used was a comprised a survey that used a Likert scale. One of the challenges of using a survey is the authority of the survey administrator can play a part. Also, the participants might find it difficult to express views as they have been socialized to not consider their own views. They may also 'self-monitor' themselves, that is, select items in a way that correlates with cultural norms. There is a need to distinguish between personal views and business practices and this is difficult to do and is therefore a weakness in the survey method. Participants also need to find the questions

meaningful, and there is the assumption the answers will reflect preferences, attitudes, and behaviour. There is also the issue of response bias, that is sometimes 'socially desirable' responding, with so-called answers that make participants look good rather than reflect their true feelings, true beliefs, and by extension, intentions. 'Socially desirable' responses can be found more in some cultures than others, according to Zerbe and Paulus (1987). Field (2005) comments that some participants tend to rate every item in a construct with the same score. Chiu and Yang (1987) comment that some Chinese participants in a survey may have motivations other than that of giving their real views. Finally, survey research is usually carried out at a single juncture and is not longitudinal.

3.12.1 Likert Scales

Likert scales are popular as they are fairly easy to use and understand (Zikmund, 2003). Likert-form statements ask for the participants' level of agreement or disagreement with the given statement, that is, they are closed questions and this has the advantage that it can provide more information about a participant's attitude level than dichotomous data, according to Singh *et al.* (1990). According to Babbie (1998) and Nunnally (1978), Likert scales are also reliable. Another advantage of them is that they are not biased cross-culturally (Albaum *et al.*, 1987).

Green and Rao (1970) found that information retrieval for Likert scales is maximized by using six or seven response categories, and that there is little extra information gained by increasing the number of categories beyond seven. Harzing *et al.* decided to use seven point scales in their study as they believe these have been shown to perform better than five point scales in terms of attenuating response style effects (Harzing *et al.*, 2011). Lozano *et al.* (2008) noted that although reliability increases as the number of response options increases it does not increase much after five or six options, according to some studies, and their own study found that from seven upwards the gains were 'scarce'. The number of response options should not exceed the discriminative capacity of the subjects so that although Likert scale sensitivity would increase by increasing the scale from five to seven the problems of nuances becomes greater too, and it may also annoy the recipients and discourage them from

answering all the questions. Having a neutral point may lead to more social desirable responding, however, though not having it can result in a forced choice.

Cross-cultural differences in response styles to Likert scales might also exist. Chen *et al.* found East Asian students such as those from Japan and China were more likely than North American ones to use the mid-point on the scales, suggesting individualism is negatively related to mid-point selection (Chen *et al.* 1995). Riordan and Vandenberg (1994) found that members of collectivist cultures use the middle range of the scales and members of individualistic cultures tend to use a wider range on the scale. According to Stening and Everett, people from high power distance countries are less likely to make endpoint selections relative to those from low power distance societies (Stening and Everett, 1984). Another issue in China is related to the Confucian 'doctrine of the mean', that is, the desire to be moderate and avoid extremes (Fu and Tsui, 2003) and this can lead to more middle range selections being made.

Taking all the above into consideration a seven point bipolar scale was employed in the study where '1' indicates strongly disagree and '7' indicates strongly agree. Only the two extreme values '1' and '7' are labelled with strongly disagree and strongly agree respectively, and the boxes between are simply coded with the numbers '2' to '6' so the difference between any of the numbers should be considered equidistant by the participants.

3.13 Data Collection Technique

Two Chinese research firms were employed to deliver and receive the questionnaires: one based in Beijing to deal with PE practitioners in the PRC, and another based in Hong Kong for PE professionals based in Hong Kong. The reason for employing these is that Chinese professionals may not be very willing to answer a questionnaire sent by someone of a different nationality and not based in China. However, participants in Hong Kong are more likely to respond to a research firm based in Hong Kong rather than one based in Beijing for political and cultural reasons. Introductory letters were typed on letter-headed paper by two Chinese firms, one covering the PRC and the other

covering Hong Kong, which helped to 'localise' the survey as suggested by Harzing *et al.* (2011).

3.13.1 The Covering Letter

The covering letter is in Chinese and English and was Chinese back-translated as recommended by Brislin (1970). Many of those sent the survey instrument can speak English as many educated Chinese have learned English in school which is now generally taught, though those who are older may not have had the opportunity to learn English. More than two thirds of the participants have studied and worked in English-speaking countries and some people in Hong Kong know the English language better than they do Chinese. In any case participants may prefer to read in Chinese.

It is clearly stated that the letter originated from a doctoral student at the University of Bradford in the UK. It explained what the project was about, as recommended by Oppenheim (1992), the person who is conducting it, the reasons for it, and what use will be made of the information gained. Instructions for completing and returning the questionnaire were provided, and the purpose of the study was given as recommended by Sudman and Bradburn (1982). Furthermore, anonymity was offered, confidentiality granted, participants were offered copies of the results of the survey, and were thanked for responding. It was hoped endorsement by the university would help to get cooperation as Oppenheim (1992) suggests may be the case. There was also a stamped addressed return envelope, and assurance of protection of data as suggested by Kanuk and Berenson (1975) and Linsky (1975). The covering letter asked recipients to return the questionnaire within 14 days.

3.13.2 Procedure

The survey instrument was sent out in September 2015. A second letter was sent out to those who had not responded two weeks later reminding recipients of the original letter and questionnaire and providing them with copies of these two documents. No further correspondence was entered into by the two agencies nor by the author, although participants were invited to contact the author with any questions they might have, and copies of the completed study were offered. A copy of the cover letter is given in Appendix A.

3.13.3 Pilot Testing

A pilot test is a formal testing of the questionnaire with a small number of participants (Malhotra, 1999), (Zikmund, 2003). It helps the researcher to make modifications to the questionnaire to minimize problematic issues such as ensuring the meaning of each question is clear to the participants (Zikmund, 2003).

A pilot test was conducted in London in the UK in July 2015. The instructions and the questionnaire were given to eight ethnic Chinese: six from the PRC, and two from Hong Kong. All of whom were students taking master's degrees in business and all had some knowledge of PE from their studies, though none had any practical experience in this field. The purpose of the pilot study was to test whether the instructions and questions were clear and made sense in both languages, the questions are valid for the intended target population, and also to judge the time needed to complete the instrument to see that it was reasonable. The comments received from this pilot study led to some small changes being made to the questions in both the Chinese and the English versions, so that they would likely be better understood by Chinese people.

3.14 Research Theories

The study explores the subgroup PE professionals in China who work in the PRC or Hong Kong and whether certain values and beliefs influence the preferred negotiation styles, and also if these have been influenced by working and studying abroad in Anglo-Saxon countries.

In order to study the above issues a research theory was needed. Agency theory was rejected as not being a suitable research theory for the study. Amongst PE firms the size of the firm, the investment stage at which they invest, the industry in which they invest makes a difference to the mechanism employed to monitor and supervise the investee companies. In the PRC the regulations and laws are not concrete, nor are they developed, and informal institutions are more important than formal ones in China. Contingency theory was also rejected as China has so many unique aspects that it cannot be easily be compared to other countries at certain stages of development.

The study investigates capabilities and the author recognises these belonging to the group of resources that can be included in the RBV. The nature of PE is such that it requires substantial tangible financial resources, which are usually borrowed, but its second major resource requirements are the intangible ones provided by the people who work for PE firms. It is their knowledge, skills, contacts, and highly developed ways of doing things that make the PE firm successful or not.

As referred to in the literature review, a problem with the RBV is that it assumes certain factors as being universal, whilst, in reality, they are part of Western development and Western institutions, and reflect individualism and economic rationality. Furthermore, as has also been pointed out the traditional view of PE based on investment theory is undersocialized.

Institutional theory is concerned with the environment in which organisations operate, and these can be separated into the formal and the informal. Formal institutions are the political, legal, economic rules, and contracts, whilst informal institutions are culture, behavioural norms, codes, and conventions which can influence social psychological values and beliefs.

The above mentioned two theoretical perspectives: the RBV and institutional theory can be combined as suggested in the literature review. In the study the RBV is combined with institutional theory. Formal institutions are not analysed in the study and they play a less important role in business dealings in China as previously mentioned, than in many other countries. In any case, formal institutions everywhere are heavily influenced by informal ones over time. Informal institutions influence social psychological values and beliefs, and these influence ways of doing things including negotiating styles.

3.14.1 Levels Issues

National cultures should not be seen as a straightjacket, as education and life experiences have an important influence too, suggests Tayeb (2001). The Anglo-Saxon culture of PE firms, the influence of business schools, and experience of studying or working in the USA or the UK could mean Chinese PE professionals have quite different social psychological profiles than what might be expected of those in China, that is, they diverge from the profile

(Schwartz, 1994). However, since they were raised and currently live in the PRC or Hong Kong, they may also have quite different social psychological profiles than those of PE professionals from the USA or the UK too.

However, the study is positioned at the individual rather than the ecological (societal/cultural) level. It is not a cultural level study pertaining to the whole of the PRC and Hong Kong. It is not claimed that the results of the study are representative of the population of the society or that are they generalisable to a different population, that is, other than Chinese PE professionals working in China. The study recognises the social psychological profile of individuals in a firm will have an effect on the firm and the industry in which they work.

Many cultural and social psychological researchers have used dimensions in surveys such as Triandis and Gelfand (1998). Social psychology theories are employed in the study and relevant values and beliefs that affect negotiations in the PE industry in China are measured, as well as the preferred negotiation styles. Self-reports have been the most widely used ways of measuring social psychology and averaging these reports gives an estimate of the average level of that particular psychological construct within the chosen group.

The social psychological profiles may well differ from what is sometimes suggested from cultural studies or other social psychological studies of the Chinese in the PRC and Hong Kong and this has implications for other subgroups within China or indeed subgroups in any society.

The study ascertains the social psychological profiles of a large sample in order to be able to generalise to the target community, Chinese PE professionals working in the PRC and Hong Kong. Elements such as neuroticism which are highly personal and probably do not impact on day-to-day procedures of a business are not considered. Meehl (1978) considered personality constructs to be 'open concepts', that is, the indicators that can be used is unlimited, and therefore the most commonly known social psychological ones have been selected based on the literature review and logic.

Organisational culture is not the subject of this study though the answers to the social psychological and negotiation questions could have implications at

the organisational level. In the literature review it is noted that organisational culture is more superficial than national culture. Also, industry culture is more powerful too.

3.14.2 The Independent Variables

The independent variables used are being Chinese from the PRC or Hong Kong, currently working in the PE industry in either of these two places, and participating in negotiations with other firms.

3.14.3 The Dependent Variables

The dependent variables are any time spent working or studying in an Anglo-Saxon country and the reported preferred negotiation style.

3.14.4 The Development of the Questionnaire

The concepts explored are operationalised by being given measures which are obtained by the use of a questionnaire. The indicators stand for the concept in question and there are several indicators used to form an overall score in order to provide a scale for each respondent. The reason for the use of several indicators is that the concepts are quite broad and so several indicators are needed to cover the range of elements in any one concept. Furthermore, a respondent may answer a question incorrectly and the presence of other indicators can offset an incorrectly answered question, also it can also allow for a much finer distinction between people (Bryman, 2000).

The questionnaire used in the study has been developed and based on an extensive review of the literature in Chapter 2. The questions have been taken from questions on dimensions previously established by research. The questions are designed to assess social psychological profiles of participants to see how they might have been influenced by PE industry norms, Western norms, and Western informal institutions, and to what extent they have retained characteristics viewed as more typically Chinese.

The questionnaire examines values, beliefs, indigenous philosophy, moral orientation, negotiation styles, and some demographic issues. The first group is the social relationship values deemed important in the context by the author: individualism, collectivism (Triandis and Gelfand, 1998), (Singelis *et al.*, 1995), and power distance (Dorfman and Howell, 1988). The second set is

social axioms (core beliefs) which are relevant in a business context: cynicism, social complexity, and reward for application (Leung *et al.*, 2002), (Bond *et al.*, 2004b). The third element is the indigenous philosophical/ethical construct which is Confucianism (Robertson, 2000). The fourth part is moral orientation (Machiavellianism) within a business context (Dahling *et al.*, 2009). The social psychological dimensions are related to a measure of negotiation styles and so questions are also asked about preferred negotiation styles too (Putnam and Wilson, 1982) and the answers are assessed to see how these relate to the answers to the social psychological questions. The demographic questions relate to age, sex, the city in which the participant works, time spent working in PE, and any time spent studying or working abroad in Anglo-Saxon countries and which ones.

The social psychological themes used in the study are wide-ranging and cover as many themes as the author believed was practical, but also important and relevant, rather than being in-depth on just a few themes. There are 49 social psychological and negotiation questions in the survey.

A hybrid etic/emic approach is employed in the survey as the issues are to be understood from a universalistic perspective rather than a Chinese one. A comparative approach is important as people tend to assess and measure things in relation to others, and comparison itself is a universal trait. In the survey instrument the values questions on individualism, collectivism, power distance, and the Machiavellian questions are etic-based and were designed and tested in the West. The questions on axioms are etic/emic as they are based on a structure constructed within five cultures: Hong Kong, Venezuela, the United States, Japan, and Germany (Bond *et al.*, 2004b). The questions on Confucianism are emic-based pertaining to those societies where Confucianism has played a big part. The negotiation questions are etic/emic based. The study uses, therefore, a synergistic approach using emic and etic research questions.

The values questions employed in the study measure individualism, collectivism, and power distance, and were selected after an examination of the literature. The most relevant and important values dimensions were employed. There are four questions on individualism and four on collectivism, seven of

these questions are taken from Triandis and Gelfand (1998) and one from Singelis *et al.* (1995). The use of HC, HI, VC, and VI means the concepts of individualism and collectivism were covered in several aspects as explained and defined by Triandis (1996) rather than the using more narrowly defined individualism and collectivism. HC, HI, VC, and VI have been used by several researchers such as Nelson and Shavitt (2002), Singelis *et al.* (1995), Strunk and Chang (1999), and Soh and Leong (2002) as mentioned in the literature review. There are three questions on power distance taken from Dorfman and Howell (1988) and the answers to these questions shows how much the participant is happy to accept the view or actions of someone they consider to have more authority than them.

Hofstede's (2001) long-term versus short-term orientation dimension, the masculinity versus femininity dimension, and the uncertainty-avoidance dimension are not addressed with the questions nor employed in the model. The long-term versus short-term orientation of Hofstede is not employed as the dimension originated from a study of Confucianism in the first place as so this dimension can be seen to incorporate this dimension (Bond, 1988). Although, the masculinity versus femininity dimension introduced by Hofstede (1980) has been adapted by Dorfman and Howell (1988) for application at the individual level it is not employed in the study. The questions Dorfman and Howell provide do not seem to be relevant to PE professionals when involved in negotiations in their working environment as they focus on the issue of chauvinism which is not going to affect negotiations between PE firms and their prospective or actual portfolio companies. The uncertainty-avoidance Index is criticized by Dorfman and Howell (1988) and had to be dropped from the survey when questioning the Chinese, according to Lowe (2003), as discussed in the literature review. No questions referring to this value were used in the survey.

There are questions on three social axioms in the survey: cynicism, social complexity, and reward for application. There are no questions on the social axiom spirituality/religiosity in the study as these might be considered too personal, not relevant in a business context, nor applicable in China.

There are 12 questions on Machiavellianism taken from Dahling *et al.* (2009). The questions measure four subscales which are: amorality, desire for control, desire for status, and distrust of others.

Confucianism is measured by questions that have been used before by researchers and demonstrated to be understood in the West. They come from by the China Cultural Connection study (1988), later called the CVS. The cultural level questionnaire was operationalised at an individual level by Robertson (2000) and by Jaw *et al.* (2007) and whilst the former study did not include reliability and validity measures and the second did, the Jaw *et al.* questions were first written in Chinese and the English translation is poor. The questionnaire by Robertson was produced in English and has been validated and used later by Pu Li *et al.* (2007/2008). All of the eight questions on Confucianism devised by Robertson (2000) are employed in the study. Four of the questions are future-orientated and four are past and present-orientated. Three of these questions pertain to integrity and tolerance (development of self), Two to Confucian ethos (relationship with others), and three to loyalty to ideals and humanity (social responsibility).

Negotiation is one of the most important business functions in the PE industry due to the fact that taking equity stakes in private companies and later selling these is the 'raison d'être' of the business.

For the study the Organisational Communication Conflict instrument (OCCI) by Putnam and Wilson (1982) is used for the questions on negotiation styles. The designers of the model claim they found other negotiation models had low reliabilities. The Pruitt (1981) model is similar to the OCCI model in having three dimensions, but the term 'yielding' implies a negativity that seems inappropriate for PE deal negotiations, and the author also asserts that the three styles are partly incompatible, which conflicted with the practicality of combining the non-confrontational and solution-orientated styles that could be discerned in the OCCI model.

The model has been validated by several studies, and as there are only three dimensions it was possible to ask fewer questions. There are nine questions on negotiation styles: three on the controlling-style, three on the

solution-orientated style, and three on the non-confrontational style. The solution-orientated questions show to what extent the style is based on looking for creative solutions of an 'integrative' nature and compromising. The controlling-style questions relate to arguing persistently for a certain position. The non-confrontational style questions reveal to what extent there is the intention to avoid disagreements and put difficult issues to one side (Wilson and Waltman, 1988).

It is made clear in the instructions to the survey that participants are to consider their negotiation styles as being when they are dealing with other firms and not negotiations within their own firm. Furthermore, these other firms are to be those with which the PE firm already has an investment or is in a stage where it is highly likely to make an investment, so as to avoid the issue of in-group versus out-group relationships which in collectivist cultures and also Confucian-influenced societies are treated differently (Rhee *et al.*, 1996), as discussed in the literature review. Trandis (1995) found a difference in the way members of ingroups and outgroups are treated that does not exist for individualists. The difference being that collectivists were more competitive than individualists, whereas for ingroup negotiations were more harmonious.

All the questions have been employed in previous surveys which has the advantage that they have to some extent, been validated. However, some of the questions have, of necessity, been adapted to fit in with a business environment. The adjustments were trivial and involved using phrases such as 'I believe' or 'I think' where this was given in the original survey above the survey questions. The questions chosen are those that are most relevant to the context, although they have not previously been applied to PE or to China, as far as the author of the study is aware. These are those that most apply in the workplace and family-related questions are omitted. It would have been preferable to use all the questions asked in previous surveys, but the questionnaire would then be too long to reasonably expect PE practitioners to answer so it was necessary to be selective in the questionnaire. Factor analyses have been done on the questions in the study though.

Many of the questions used by other researchers were rejected as they were found to have not been suitable. Some researchers doing analysis on them have found them to be poor measures of what they purport to measure, some have used slang or assume knowledge that those sent the survey may not possess. The number of questions for each theme has had to be limited due to the number of themes covered and the likelihood of participant fatigue if more questions were asked. There are 49 questions in the survey instrument on the social psychological themes and there are five other questions too which are of a general nature making 55 questions in total. This has meant that parsimony in questions for each theme has been necessary and so the most relevant questions and the ones most likely to be understood, avoid ambiguity, or risk offence, and be most likely to elicit a response have been used.

The questionnaire is in English and Chinese back-translated as recommended by Brislin (1970) as with the covering letter. The questionnaire comprised instructions in English followed immediately by the same instruction in Chinese and every question in English is followed immediately by the same question in Chinese.

3.15 The Questionnaire

The survey comprises questions that are divided into seven parts: general demographic questions, individualism and collectivism, power distance perception, Confucianism, Machiavellianism, social axioms, and negotiations. All the questions on values, axioms and other beliefs are given, the questions, the origins of the questions, whether the question has been slightly adapted is indicated as is whether a reversed scale is used for a question, and the Likert scale used. The use of reversed questions, or negative items, serves to lessen response set answering (Bryman, 2000).

A copy of the actual survey instrument posted to participants is shown in Appendix A.3. The question order is somewhat different to that below to try to ameliorate any tendency by participants to give the same score to similar questions without any due consideration.

Only the actual questions are seen by the participants and neither the origins of the questions, nor the variables that they measure were in the survey posted. The questions are listed below broken down in their component parts.

Table 1: The Questionnaire

Variable	Question/Statement	Reference
Demographic	How many years have you worked in the private equity industry?	
Demographic	In which Western countries have you worked?	
Demographic	In which Western countries have you attended school or university?	
Demographic	What is your age?	
Demographic	Which city are you working in?	
Horizontal Individualism	My personal identity is very important to me	(Triandis and Gelfand, 1998)
Horizontal Individualism	I would rather depend on myself than others	(Triandis and Gelfand, 1998)
Vertical Individualism	Competition is the law of nature	(Triandis and Gelfand, 1998)
Vertical Individualism	It is very important that I do my job better than others	(Triandis and Gelfand, 1998)
Horizontal Collectivism	I feel good when I cooperate with others	(Triandis and Gelfand, 1998)
Horizontal Collectivism	The well-being of my colleagues is important to me (adapted)	(Triandis and Gelfand, 1998)
Vertical Collectivism	It is important to me that I respect the decisions made by my managers and colleagues (Adapted)	(Triandis and Gelfand, 1998)
Vertical Collectivism	I hate to disagree with my managers and colleagues (Adapted)	(Singelis <i>et al.</i> , 1995)
Power Distance	I think managers should seldom ask for the opinions of subordinates (Adapted)	(Dorfman and Howell, 1988)
Power Distance	I think managers should not delegate important tasks to subordinates (Adapted)	(Dorfman and Howell, 1988)
Power Distance	I think managers should seldom ask for the opinions of	(Dorfman and Howell, 1988)

	subordinates	
Confucianism FO (I) (CVS1)	I believe managers must be persistent to accomplish business goals and objectives (Adapted)	(Robertson, 2000)
Confucianism FO (II) (CVS2)	I think hierarchical relationships at work are important and necessary (Adapted)	(Robertson, 2000)
Confucianism FO (III) (CVS3)	A good manager is more economical and less extravagant (Adapted)	(Robertson, 2000)
Confucianism FO (I) (CVS1)	It is important to have a conscience in business	(Robertson, 2000)
Confucianism PPO (III) (CVS3)	Personal stability is not critical to success in business	(Robertson, 2000)
Confucianism PPO (II) (CVS2)	I think respect for tradition can hamper business performance	(Robertson, 2000)
Confucianism PPO (III) (CVS3)	I believe the exchange of favours and gifts is not necessary to excel in business (Reverse scale)	(Robertson, 2000)
Confucianism PPO (I) (CVS1)	Upholding one's personal image makes little difference in business goal achievement	(Robertson, 2000)
Machiavellianism: Amorality Subscale	I will not go against my moral standards to succeed in business (Reverse scale)	(Dahling <i>et al.</i> , 2009)
Machiavellianism; Amorality Subscale	I agree with the saying 'cheaters never win' (Reverse scale)	(Dahling <i>et al.</i> , 2009)
Machiavellianism: Amorality Subscale	I think it can acceptable at times to be unethical in business (Adapted)	(Dahling <i>et al.</i> , 2009)
Machiavellianism: Desire for Control Subscale	I enjoy the control of others in a business environment (Adapted)	(Dahling <i>et al.</i> , 2009)
Machiavellianism: Desire for Control Subscale	I enjoy being able to control the situation	(Dahling <i>et al.</i> , 2009)
Machiavellianism: Desire for Control Subscale	I like to give the orders in business situations (Adapted)	(Dahling <i>et al.</i> , 2009)

Machiavellianism: Desire for Status Subscale	Status is a good sign of success in life	(Dahling <i>et al.</i> , 2009)
Machiavellianism: Desire for Status Subscale	I want to be rich and powerful one day	(Dahling <i>et al.</i> , 2009)
Machiavellianism: Desire for Status subscale	The accumulation of wealth is an important goal for me	(Dahling <i>et al.</i> , 2009)
Machiavellianism: Distrust of Others Subscale	I think people are only motivated by personal gain (<i>Adapted</i>)	(Dahling <i>et al.</i> , 2009)
Machiavellianism Distrust of Others Subscale	I think that most people are essentially trustworthy (<i>Reverse scale</i>)	(Dahling <i>et al.</i> , 2009)
Machiavellianism: Distrust of Others Subscale	Team members often treat one another badly to get ahead (<i>Adapted</i>)	(Dahling <i>et al.</i> , 2009)
Social Axioms: Cynicism	It is easier to succeed in business if one knows how to take shortcuts (<i>Adapted</i>)	(Leung <i>et al.</i> , 2002)
Social Axioms: Cynicism	I believe power and status make people arrogant	(Leung <i>et al.</i> , 2002)
Social Axioms: Cynicism	I believe significant achievement in business requires one to show no concern for the methods	(Leung <i>et al.</i> , 2002)
Social Axioms: Social Complexity	I believe human behaviour changes with the social context	(Leung <i>et al.</i> , 2002)
Social Axioms: Social Complexity	I believe a person's behaviour at work may be contrary to his or her true feelings (<i>adapted</i>)	(Leung <i>et al.</i> , 2002)
Social Axioms: Social Complexity	I believe people may have opposite behaviours on different occasions at work (<i>adapted</i>)	(Leung <i>et al.</i> , 2002)
Social Axioms: Reward for Application	I believe people will be successful if they really try	(Leung <i>et al.</i> , 2002)
Social Axioms: Reward for Application	I believe every problem has a solution	(Leung <i>et al.</i> , 2002)
Social Axioms: Reward for Application	I believe knowledge is necessary for success	(Leung <i>et al.</i> , 2002)
Negotiation: Controlling Style	I would argue strongly for my point of view	(Putnam and Wilson, 1982)

Negotiation: Controlling Style	I would stand firm in my views in a conflict situation	(Putnam and Wilson, 1982)
Negotiation: Controlling Style	I would assert my opinions strongly	(Putnam and Wilson, 1982)
Negotiation: Solution-Orientated Style	I would offer creative solutions in discussions about disagreements	(Putnam and Wilson, 1982)
Negotiation: Solution-Orientated Style	I would suggest a solution that combines both sides' viewpoints	(Putnam and Wilson, 1982)
Negotiation: Solution-Orientated Style	I would compromise with the other side	(Putnam and Wilson, 1982)
Negotiation: Non-Confrontational Style	I would ignore disagreements when they arise	(Putnam and Wilson, 1982)
Negotiation: Non-Confrontational Style	I would avoid subjects that can be the source of disputes	(Putnam and Wilson, 1982)
Negotiation: Non-Confrontational Style	I would keep quiet about my views in order to avoid disagreements	(Putnam and Wilson, 1982)

3.16 Data Analysis

Sekaran (2003) recommends that the first step in data analysis is to edit, code, categorize, and enter the data into a suitable form; next, descriptive statistics, such as means and frequency distributions should be measured; following from this the data should be tested for quality using tests of reliability and validity; and finally, the data should be interpreted.

Sekaran (2003) explains that data editing is checking for incomplete and inconsistent data. Data coding involves identifying each data point with a numerical score or character. Data categorizing is the procedure of classifying variables into groups of constructs based on the research design. Finally, data entering is the process of putting the data into a data analysis program.

Descriptive statistics are used to summarize data. The major descriptive statistics are the mean, median, range, mode, variance, and standard deviation. The data is considered to be acceptable if it passes reliability and validity tests (Ticehurst and Veal, 2000). Sekaran (2003) identified eight types of validity measurements: content, face, criterion related, concurrent, predictive, construct,

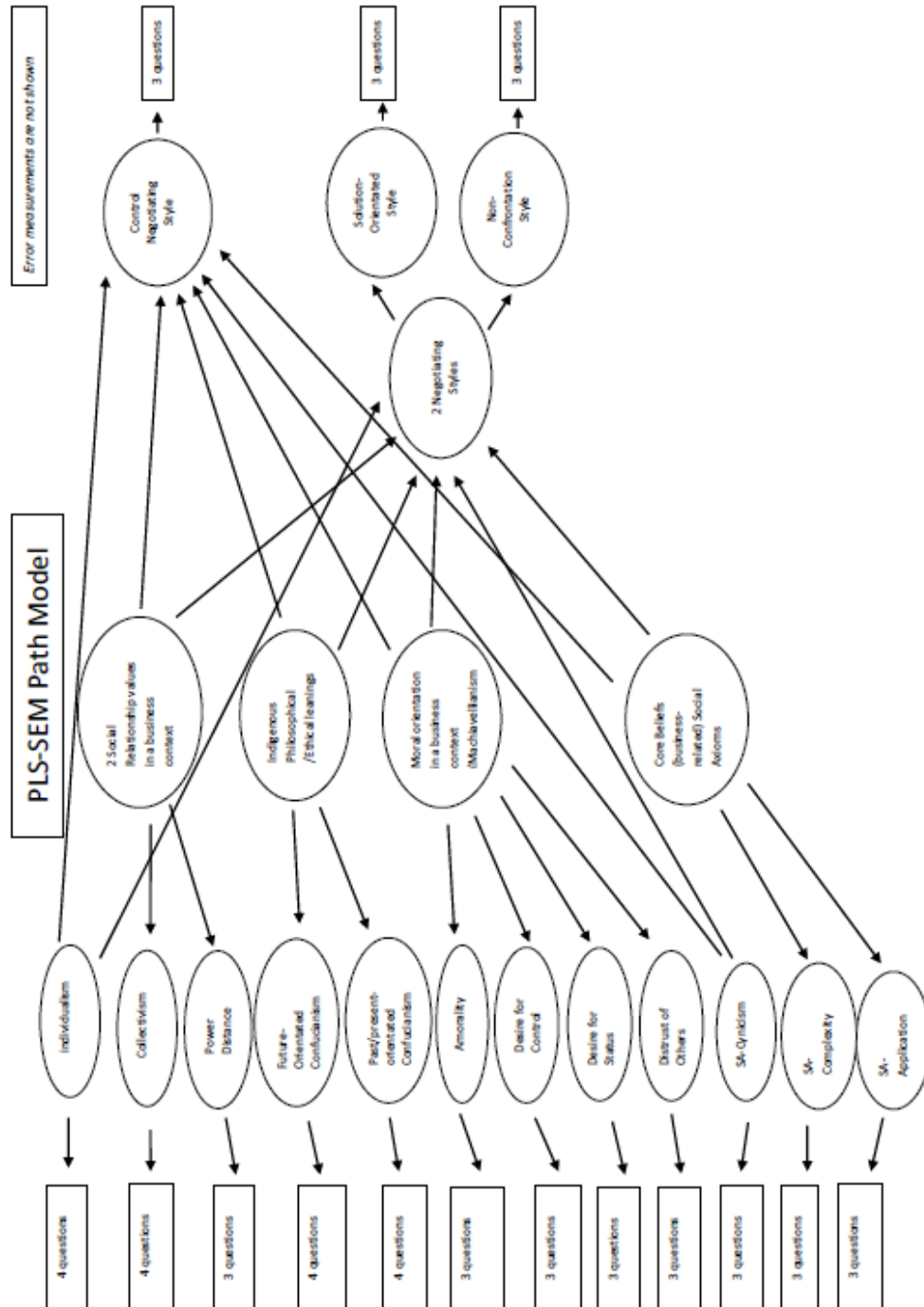
convergent, and discriminant validity. Finally, statistical tests are used to make comparisons between variables and relationships between variables.

3.16.1 Software

There are many software programs that can be used to help with the analysis of the data such as 'SPSS', 'SmartPLS', and Microsoft 'Excel'. In the study, 'SPSS' and 'SmartPLS' were chosen for their simplicity and comprehensiveness (Sekaran, 2003).

3.17 The PLS-SEM Path Model

Figure 1: Proposed Partial Least Squares Structural Equation Model



3.17.1 Introduction to the PLS-SEM Path Model

The PLS-SEM path model was produced using the latest version of 'SmartPLS' available which is 'SmartPLS 3', (www.smartpls.de), (Ringle *et al.*, 2015). The path model shown below is a visual display of the hypotheses that were tested and it was developed from a reading of the literature and an application of logic.

The measurement (outer) model exogenous latent variables that explain other constructs are the values, axioms, and other social psychological variables are on the left-hand side of the path model. The indicators can be measured and are proxy variables and every one of these is a single aspect of a bigger abstract concept (Hair *et al.*, 2016). In the model these are social relationship values in a business context namely: Individualism, collectivism, and power distance; Indigenous philosophical/ethical leanings for which Confucianism is used and which was split into future-orientated Confucianism and past/present Confucianism; moral orientation in a business context for which a Machiavellianism construct was employed; core beliefs (business-related) for which social axioms were used (the ones deemed relevant as explained above). The endogenous latent variables which are being explained are on the right-hand side of the whole path model, and these are negotiation styles.

In keeping with convention, the constructs (non-measured variables) are shown as ovals, the indicators are displayed by rectangles, and the predictive relationships are shown by single-headed arrows, whilst the error terms are not shown in the model due to reasons of space.

The model is an example of a higher order or hierarchical component model as it contains several layers of components (Hair *et al.*, 2016). Each of the second order exogenous latent variables is represented by several first order components that are attributes of those broader and more abstract and multidimensional concepts.

The use of second level constructs in the model enabled combinations of first level ones where the differences in the meanings were reasoned to be similar theoretically and later in the PLS-SEM modelling this was confirmed. Therefore, solution-orientated and non-confrontational negotiating styles

(N_SOLUTION and N_NONCON) were combined at the second order level, as were the values: collectivism and power distance (S_COLL and S_PDIST), and the social axioms: social complexity and reward for application (SA_COMPLX and SA_APP).

The model is a reflective measurement model. The constructs are traits that explain the indicators, and these indicators are consequences of the construct (Rossiter, 2002). The model devised by the author in the study comfortably conforms to the 'rule of ten' as recommended by Barclay *et al.* (1995) and mentioned above.

3.17.2 Use of PLS-SEM

A SEM is used in the study to measure the impact of social psychology dimensions on negotiation styles. As Hair *et al.* (2016, p. xiii) comment: 'SEM is among the most useful advanced statistical analysis techniques that have emerged in the social sciences in recent decades.' It is a second generation multivariate tool that enables researchers to consider relationships between the measured manifest variables, also called indicators or items, and latent (unobservable) variables and between latent variables. For this purpose, in the field of management research it is becoming an industry standard, according to Bollen (2011).

There are two types of SEMs: the CB-SEM and the PLS-SEM and they both trace their origins back to Wold (1985). In the study a PLS-SEM rather than a CB model is employed. Hair *et al.* (2012) point out that PLS-SEM has advantages over CB-SEM when the data is non-normal and the aim of the research is to validate a putative model which is the case in the study. PLS-SEM is also more suitable for exploratory research, according to Hair *et al.* (2012), it can cope with relatively small sample sizes, and can estimate complex models with many latent and manifest variables without estimation problems due its possessing greater statistical power (Chin and Dibbern, 2007), (Henseler *et al.*, 2009), (Hair *et al.*, 2016).

A PLS-SEM comprises two parts: the measurement (outer) model which specifies the relationships between a latent variable and its observed variables, and the structural (inner) model which specifies the relationships between latent

variables (Henseler *et al.*, 2009). Rigdon (2012) points out: 'Any distinction between a 'measurement model' and a 'structural model' is only a mental convenience, not a mathematical reality.

For the inner model there are two types of variables: the independent latent variables called the exogenous variables and the dependent latent variables called the endogenous variables, which are weighted composites of the indicator variables (Hair *et al.*, 2016). For each latent variable a measurement model (the outer model) has to be created. In 'SmartPLS' the path coefficients are determined by what are referred to as loadings for reflective constructs, but are called weights for formative constructs (Ursbach and Ahhlemann, 2010).

The measurement (outer) model itself comprises two types of measurement models: one for the exogenous latent variables that explain other constructs which are, by tradition, on the left-hand side of the whole path model, and the second for the endogenous latent variables which are being explained that are usually displayed on the right-hand side of the path model. Error terms which pertain to all reflectively measured indicators and the endogenous latent variables are the unexplained variance in the estimation of outer models when these are reflective, but not consisting of one item, nor are formatively measured indicators, nor exogenous latent variables of inner models (Hair *et al.*, 2016).

Ringle (2012) distinguished four types of PLS-SEM models depending on the relationship between the first order latent variables and the manifest variables, and between the second order variables and the first order ones. As Hair *et al.* (2016) point out reflective measurement models are based on classical test theory and the indicators are the manifestations of an underlying construct, they are the 'effects' of the latent variables, and the latent variables are said to 'cause' the indicators (Chin, 2010). The reflective indicators of a particular construct are correlated positively with one another and when the latent variable changes the reflective indicators will change too (Bollen, 2011).

Hair *et al.* (2012) noted that many models in the literature contain single item measures, and these can have had the benefit of increasing the number of

questionnaire responses, but at the risk of consistency, and so they counsel against using single item measures. Diamantopolis *et al.* (2012) guidelines for using single items are when the sample size is small, an effect size of three or less, and the items are highly homogenous (Cronbach alpha of less than 0.90). Rossiter (2011) argued that if an object can be viewed as concrete, it is easy to imagine, and is just one object it does not require multiple items to identify it, and this can also mean a higher response rate due to that there are less answers to be given. Others have argued combining several items to form a single composite score means greater reliability (Hair *et al.*, 2016), but there is, of course, the danger that more synonyms can mean they are not synonyms really, although the response to them can be as if they are. However, composite variables which employ several indicators are more likely to accurately represent all the various parts of a concept and so therefore more accurately measure it as well as identifying measurement error (Hair *et al.*, 2016).

The indicators can be measured and are proxy variables and every one is a single aspect of a bigger abstract concept (Hair *et al.* 2016). Barclay *et al.* (1995) stated the number of structural paths should be a minimum size of 10 times the maximum number of structural paths directed at a construct in the structural model. However, Hair *et al.* (2011) suggest 'the rule of ten' is only a rough guideline concerning minimum sample sizes.

3.17.3 The PLS-SEM Algorithm

PLS-SEM uses ordinary least squares (OLS) regression with the purpose of minimising the error terms (residual variance) of the endogenous constructs in an iterative sequence, that is, it estimates the coefficients that maximise the R^2 values of the target.

The PLS-SEM algorithm comprises three phases: the preparatory phase, the main procedure, and the final phase. In the first phase, all the variables are normalized and the main procedure can use simplified computations so that results can be more easily understood. The main procedure consists of two steps: the first is the outside approximation and estimates all latent variables in the form of weighted aggregates of the manifest variables. In the first iteration, this estimation is achieved by allocating equal weights to each block of

indicators and with these weights, the latent variable scores are calculated for every case. Further iterations calculate more appropriate weights, which are based on the empirical data and the proxies for all latent variables obtained from the next step (Hair *et al.*, 2016). The weights (loadings) are calculated using OLS regression. The second step is called inside approximation and creates proxies for each endogenous latent variable based on its association with other neighbouring latent variables. Here again, OLS regression is used. The results of this regression are new latent variable proxies for the next iteration of this pair of outside and inside approximations. The algorithm converges when, for instance, the previous iteration has not led to improvement of the latent variable estimates considered to be large enough. During the last phase of the algorithm, factor loadings, regression coefficients, as well as validation measures, are computed. With the algorithm, weights for all the formative indicators, loadings for all reflective indicators, and coefficients (standardized regression coefficients) for all paths between latent variables are obtained (Hair *et al.*, 2016).

3.17.4 Evaluation of the PLS-SEM Model

The analysis of the measurement model (indicators and constructs) and the constructs (structural model) allows for a comparison of the theory with the practice. The evaluation of the measurement and structural models focus on the predictive capabilities, and the most important measures are those for reliability, discriminant validity, and convergent validity. 'SmartPLS 3' software is used for all analyses.

3.17.4.1 Evaluating the Measurement Model

The assessment of the measurement model is to confirm the construct measures are reliable and valid.

3.17.4.1.1 Internal Consistency Reliability

3.17.4.1.1.1 Cronbach's Alpha Value (internal consistency)

This provides an estimate of the reliability based on intercorrelations of the observed indicator variables (Hair *et al.*, 2016). It is a conservative measure of internal consistency and so can underestimate the reliability and often has values showing low reliability. Cronbach alpha scores for indicators are shown

in Chapter 4 and were calculated using SPSS. A Cronbach alpha score of above 0.70 is acceptable, where the coefficient is from zero to unity, and it means there is internal consistency. A scale can be deleted from the scale if the Cronbach alpha increases when this is done as it means its existence is detrimental to the internal consistency reliability of the variable.

3.17.2.1.1.2 Composite Reliability Value (internal consistency)

This is a less conservative estimate of internal consistency reliability. It varies between 0 and 1 and higher values mean greater reliability, with 0.60 to 0.70 being acceptable for exploratory research, and between 0.70 and 0.90 acceptable for all other types. Measures above this mean the indicators are measuring the same thing (that is they are really asking the same question) whilst those below 0.60 indicates a weak contribution (Nunnally and Bernstein, 1994). However, the measure can overestimate the reliability, according to Hair *et al.* (2016).

3.17.4.1.2 Convergent Validity

Convergent validity refers to how much a measure correlates with other measures in the same construct and as these are supposed to be different ways of measuring the same construct they should share a high proportion of variance. There are two measures for this in PLS-SEM: indicator reliability and average variance extracted (AVE).

Indicator reliability is high when the outer loadings on a construct are high as this means they have a lot in common. Outer loadings should ideally be 0.708 or above, but if they are below this the indicators can be retained if above 0.40 and the removal of them does not mean an increase in the composite reliability or the AVE extracted above an acceptable value or alternatively their removal severely reduces content validity (Hair *et al.*, 2016).

The AVE was introduced by Fornell and Larcker (1981). It is the grand mean value of the squared loadings of the indicators that are pertinent to the construct and an AVE above 0.50 means there is sufficient convergent validity, that is, the latent variable can explain at least half of the variance of the average of its indicators.

3.17.4.1.3 Discriminant Reliability

Discriminant reliability is the extent to which a construct is distinct from another construct (Hair *et al.*, 2016). There are two measures employed in the study to test discriminant validity.

3.17.4.1.3.1 The Cross-Loadings

Cross-loadings are obtained by correlating the component scores of each latent variable with each of the indicator variables (Chin, 2010). The indicator's outer loading on its designated construct should be higher than its loading on other constructs and if it is the case that the loading for each indicator is higher for its designated construct than for any component scores of the other constructs, it means the indicators are not interchangeable and discriminant validity has been achieved.

3.17.4.1.3.2 The Fornell-Larcker Criterion

The Fornell-Larcker criterion requires a latent variable to share more variance with its assigned indicators than with any other latent variable and this method of establishing discriminant validity compares the AVE square root values with the latent variable correlations (Hair *et al.*, 2016). The AVE of each latent variable should be greater than the latent variable's highest squared correlation with any other latent variable.

3.17.4.1.3.3 Comment on the Two Measures

The above two measures have received some criticism regarding their validity, in that with cross-loadings they do not show a lack of discriminant validity if two constructs are perfectly correlated (Henseler *et al.*, 2015) and in the case of the Fornell-Larcker criterion if indicator loadings are only slightly different between two constructs (Voorhees *et al.*, 2015).

3.17.4.2 Evaluating the Structural Model

The assessment of the structural model is to see that the model can predict the variance in the dependent variables (Hair *et al.*, 2016).

3.17.4.2.1 Collinearity Assessment

Predictors in the structural model can be examined for collinearity.

3.17.4.2.2 Tolerance

Tolerance levels below 0.20 are critical.

3.17.4.2.1 Structural Model Path Coefficients

Running the algorithm in PLS-SEM provides the estimates (path coefficients) which show the relationships between the constructs. Usually these are between -1 and +1, and a path coefficient close to 1 indicates there is a strong positive relationship and one close to -1 that there is a strong negative relationship, whilst those close to 0 indicate a very low relationship.

3.17.4.3 Bootstrapping Routine

This is used to test significance and the bootstrap standard error can produce the t values and p values for all the structural path coefficients.

3.17.4.3.1 P Values

P values are also used to assess significance levels. They measure the probability of assuming a significant path coefficient when one does not exist (Hair *et al.*, 2016). If there is a significance level of 5% then the p value should be smaller than 0.05 (Hair *et al.*, 2016).

3.17.4 Coefficient of Determination

The coefficient of determination, R^2 measures the predictive power of the model and is the squared correlation between an endogenous construct's actual values and its predicted ones which shows the combined effects of the exogenous latent variables on the endogenous latent variable (Hair *et al.*, 2016). R^2 values are between 0 and 1 with values closer to 1 indicating higher levels of predictive accuracy and values should be high enough to have explanatory power. Chin (1998) asserts a value of .67 is high, one of .33 is average, and one of .19 is weak.

Chapter 4: Data Results and Analysis 1 - SPSS

4.1 Introduction

The chapter presents the results and statistical analysis of the survey data. SPSS Version 23 was used for the analysis. An analysis of the missing data found that the data are missing completely at random using Little's MCAR Test. The EM (expectation-maximization) algorithm is used to estimate the means, the covariances, and the Pearson correlations of quantitative variables. The missing data tables and figures are presented in Appendix B. The demographic data is presented in Appendix D.

Every latent variable construct is dealt with separately and shows if there is a significant difference between the responses of Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have had no such exposure. Bar charts showing response frequencies for the complete data (no imputed data) and means and standard deviations, tables showing responses (with imputed data) with means, standard deviations, and minimum and maximum responses are shown. 'Chinese' versus 'Overseas' confidence interval plots are shown. On reliability: Cronbach alphas are given, principle component analyses are shown in tables, and scree test charts are included. The hypotheses are addressed using Mann-Whitney U tests for 'Chinese' and 'Overseas' responses. PLS-SEM path charts are presented with several tests shown in tables and are presented in Chapter 5.

4.2 Individualism Descriptive Statistics

Table 2: Descriptive Statistics - Individualism

Statement	N	Minimum	Maximum
HORIND1 My personal identity is very important to me	376	3	7
HORIND2 I would rather depend on myself than others	376	3	7
VERIND1 Competition is the law of nature	363	2	7
VERIND2 It is very important that I do my job better than others	376	3	6

Figure 2: HORIND1 Response Frequencies

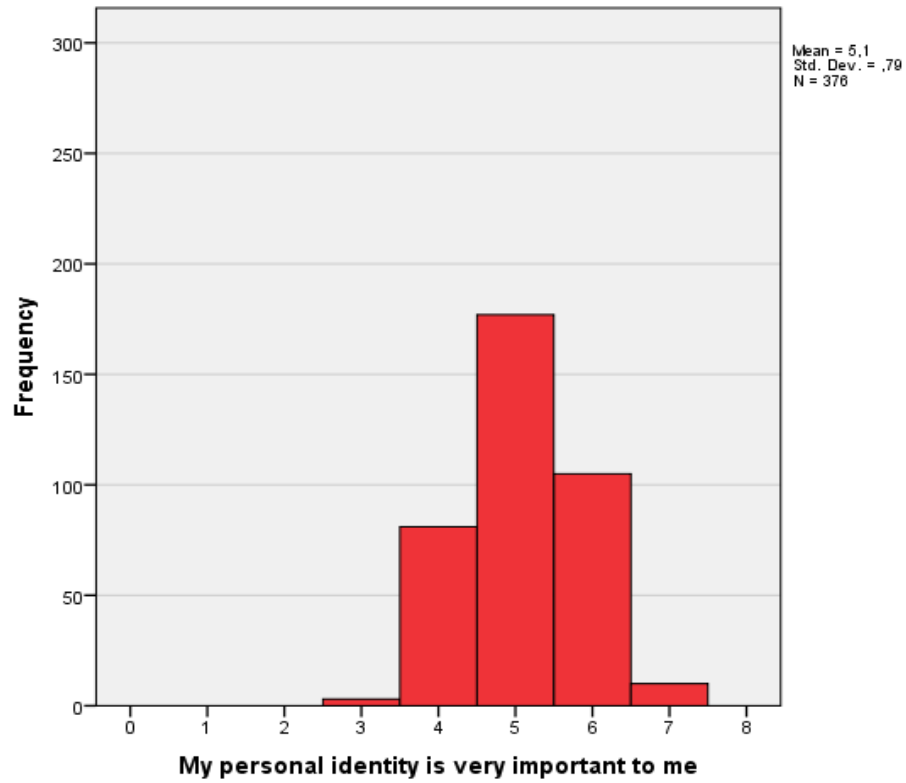


Table 2.1: Frequency Tables HORIND 1

Response	Frequency	Percent	Valid Percent	Cumulative Percent
3 Disagree slightly	3	.8	.8	.8
4 Neutral	81	21.5	21.5	22.3
5 Agree slightly	177	47.1	47.1	69.4
6 Agree	105	27.9	27.9	97.3
7 Strongly agree	10	2.7	2.7	100.0
Total	376	100.0	100.0	

Figure 3: HORIND2 Response Frequencies

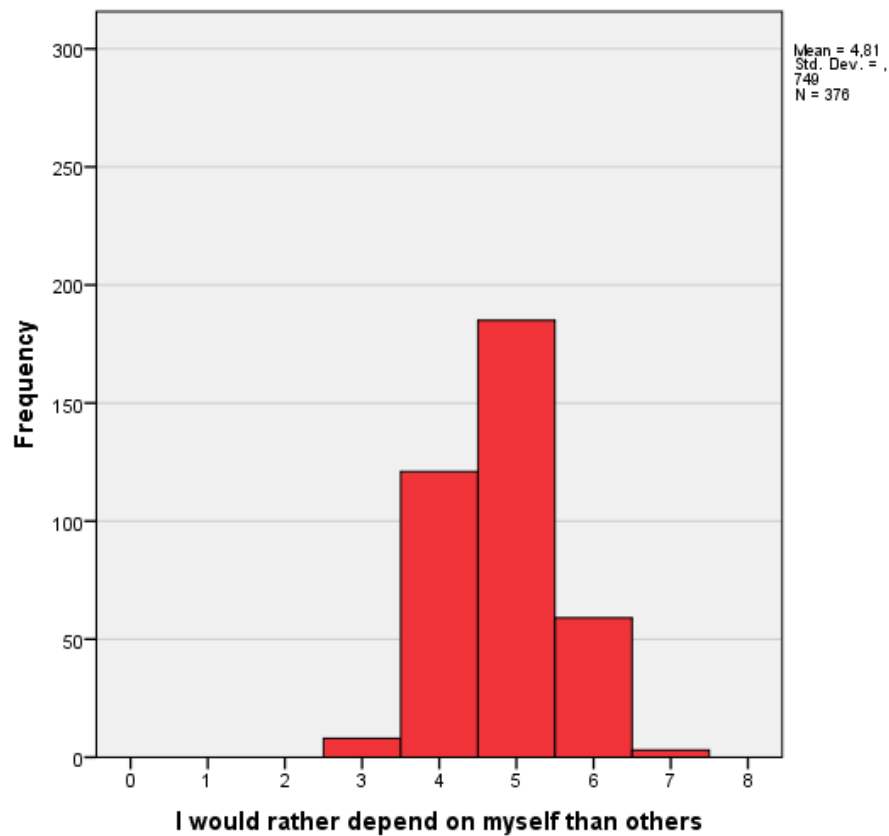


Table 2.2: Frequency Tables HORIND 2

Response	Frequency	Percent	Valid Percent	Cumulative Percent
3 Disagree slightly	8	2.1	2.1	2.1
4 Neutral	121	32.2	32.2	34.3
5 Agree slightly	185	49.2	49.2	83.5
6 Agree	59	15.7	15.7	99.2
7 Strongly agree	3	.8	.8	100.0
Total	376	100.0	100.0	

Figure 4: VERIND1 Response Frequencies

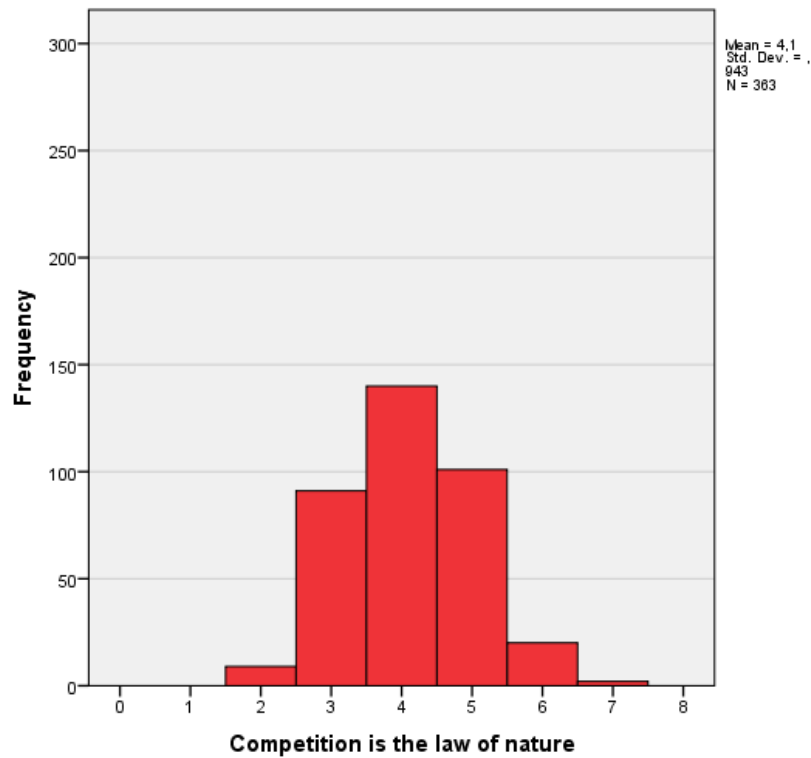


Table 2.3: Frequency Tables VERIND1 (MVA)

Response	Frequency	Percent	Valid Percent	Cumulative Percent
2.00 Disagree	9	2.4	2.4	2.4
2.84	1	.3	.3	2.7
3.00 Disagree slightly	91	24.2	24.2	26.9
3.40	1	.3	.3	27.1
3.41	1	.3	.3	27.4
3.77	1	.3	.3	27.7
3.97	1	.3	.3	27.9
4.00 Neutral	140	37.2	37.2	65.2
4.52	1	.3	.3	65.4
4.81	1	.3	.3	65.7
4.96	1	.3	.3	66.0
5.00 Agree slightly	101	26.9	26.9	92.8
5.16	1	.3	.3	93.1
5.58	1	.3	.3	93.4
5.71	1	.3	.3	93.6
5.80	1	.3	.3	93.9
6.00 Agree	20	5.3	5.3	99.2

6.47	1	.3	.3	99.5
7.00 Strongly agree	2	.5	.5	100.0
Total	376	100.0	100.0	

Figure 5: VERIND2 Response Frequencies

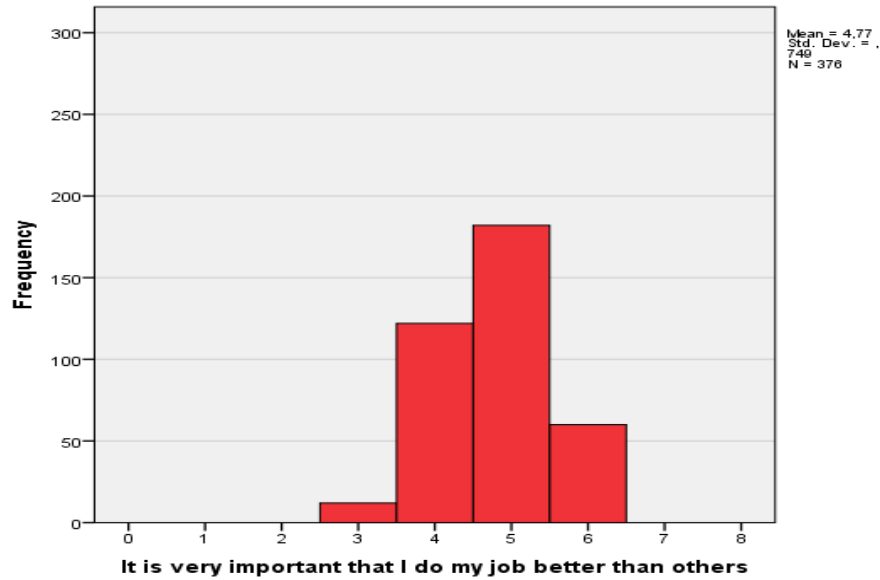


Table 2.4: Frequency Tables VERIND 2

Response	Frequency	Percent	Valid Percent	Cumulative Percent
3 Disagree slightly	12	3.2	3.2	3.2
4 Neutral	122	32.4	32.4	35.6
5 Agree slightly	182	48.4	48.4	84.0
6 Agree	60	16.0	16.0	100.0
Total	376	100.0	100.0	

Table 2.5: Summary of Estimated Means for Individualism (N=99)

	HORIND1	HORIND2	VERIND1	VERIND2
All Values	4.75	4.47	3.95	4.54
EM	4.75	4.47	3.93	4.54

Table 2.6: Summary of Estimated Standard Deviations for Individualism (N=99)

	HORIND1	HORIND2	VERIND1	VERIND2
All Values	.733	.660	.906	.704
EM	.733	.660	.907	.704

Table 2.7: Summary of Estimated Means for Individualism (N=277)

	HORIND1	HORIND2	VERIND1	VERIND2
All Values	5.23	4.93	4.16	4.86
EM	5.23	4.93	4.19	4.86

Table 2.8: Summary of Estimated Standard Deviations for Individualism (N=277)

	HORIND1	HORIND2	VERIND1	VERIND2
All Values	.772	.743	.952	.748
EM	.772	.743	.968	.748

Figure 6: 'Chinese' vs. 'Overseas' Confidence Interval Plots - Horizontal and Vertical Individualism

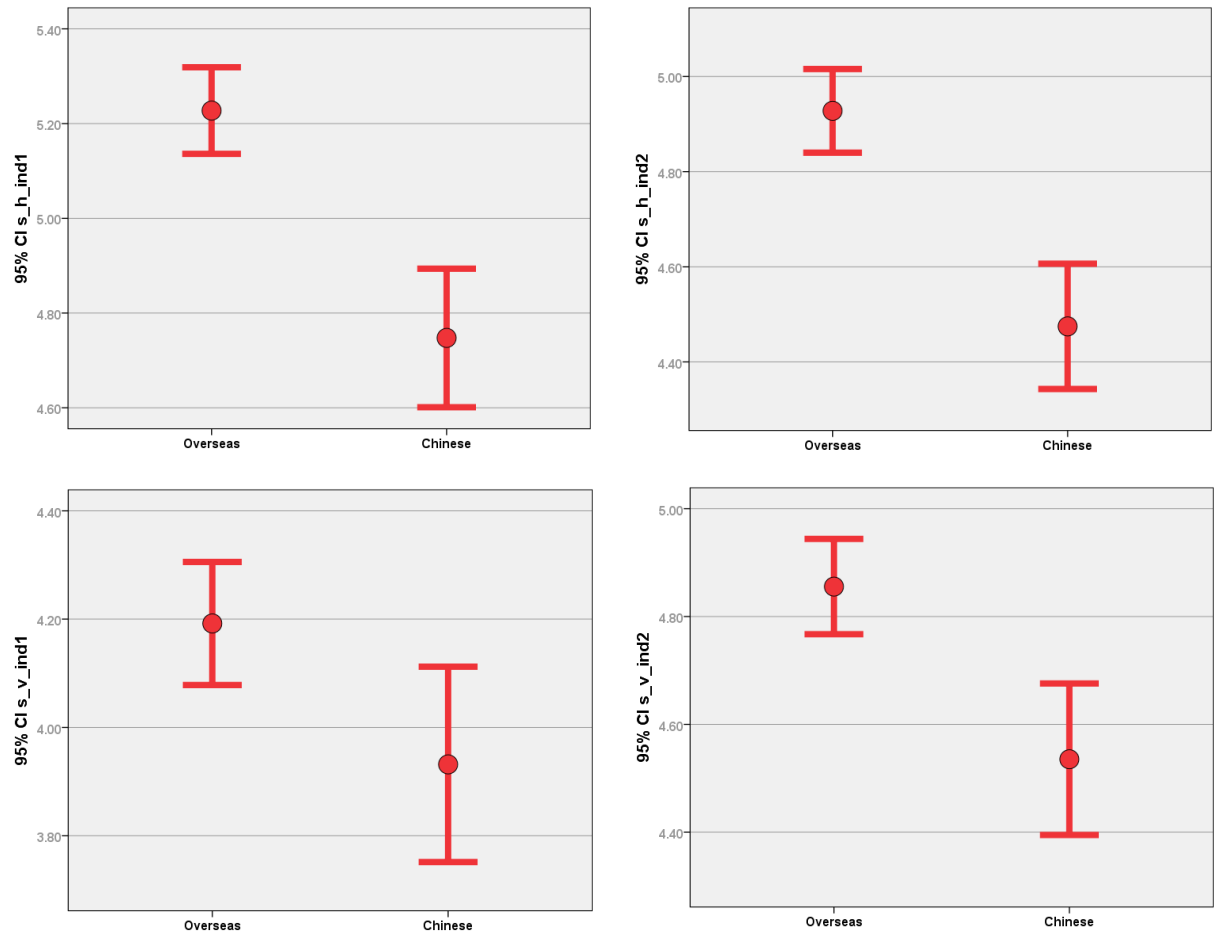


Table 2.9: 'Chinese' vs. 'Overseas' Test Statistics - Individualism

Statement	Mann-Whitney U	Wilcoxon W	Z	Asymp. Sig. (2-Tailed)
HORIND1	9231.000	14181.000	-5.193	.000
HORIND2	9390.500	14340.500	-5.068	.000
VERIND1	11805.000	16755.000	-2.148	.032
VERIND2	10706.500	15656.500	-3.515	.000

4.2.2 Results of Individualism Hypotheses

Table 2.10 Results of Individualism Hypotheses

Variable	Hypotheses	Accept?	CI %
HORIND1	H ₁	Yes	99%
HORIND2	H ₂	Yes	99%
VERIND1	H ₃	Yes	95%
VERIND2	H ₄	Yes	99%

4.3 Collectivism Descriptive Statistics

Table 3: Descriptive Statistics - Collectivism

Statement	N	Minimum	Maximum
HORCOLL1 I feel good when I cooperate with others	376	4	7
HORCOLL2 The well-being of my colleagues is important to me	376	4	7
VERCOLL1 It is important to me that I respect the decisions made by my managers and colleagues	363	4	7
VERCOLL2 I hate to disagree with my managers and colleagues	376	2	7

Figure 7: HORCOLL1 Response Frequencies

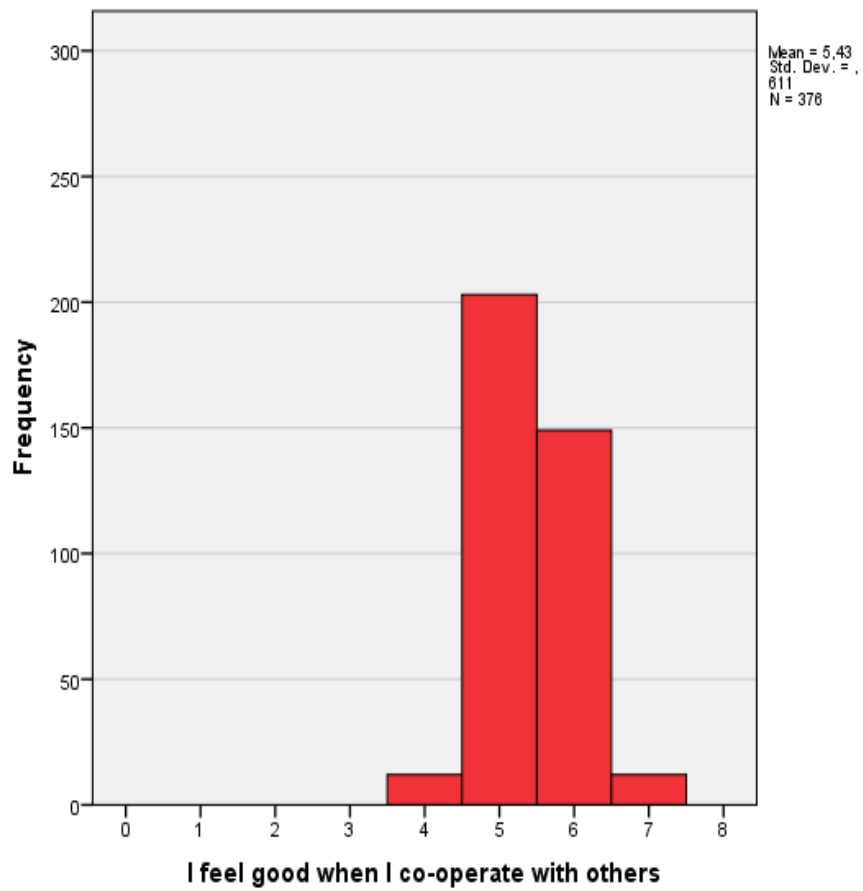


Table 3.1 Frequency Tables HORCOLL1

Response	Frequency	Percent	Valid Percent	Cumulative Percent
4 Neutral	12	3.2	3.2	3.2
5 Agree slightly	203	54.0	54.0	57.2
5 Agree slightly	177	47.1	47.1	69.4
7 Strongly agree	12	3.2	3.2	100.0
Total	376	100.0	100.0	100.0

Figure 8: HORCOLL2 Response Frequencies



Table 3.2: Frequency Tables HORCOLL2

Response	Frequency	Percent	Valid Percent	Cumulative Percent
4 Neutral	8	2.1	2.1	2.1
5 Agree slightly	172	45.7	45.7	47.9
6 Agree	161	42.8	42.8	90.7
7 Strongly agree	35	9.3	9.3	100.0
Total	376	100.0	100.0	

Figure 9: VERCOLL1 Response Frequencies

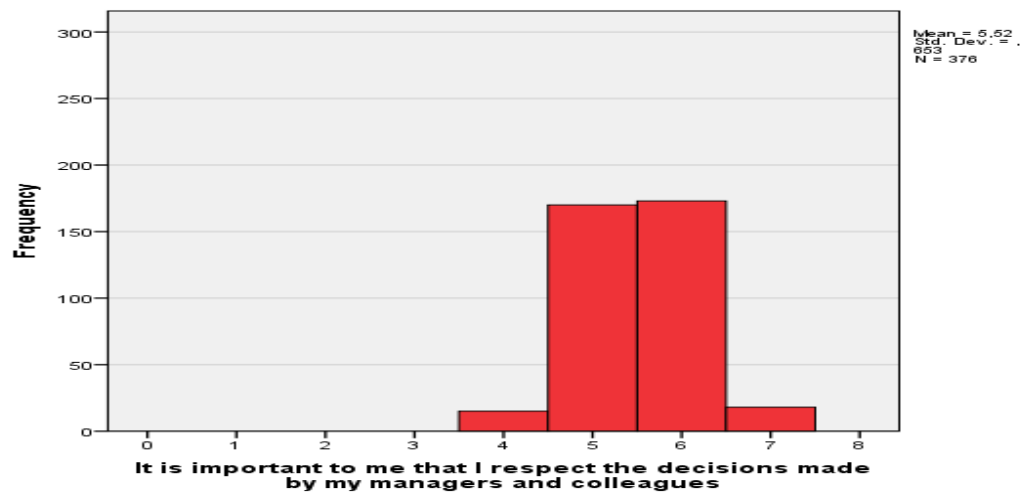


Table 3.3: Frequency Tables VERCOLL1

Response	Frequency	Percent	Valid Percent	Cumulative Percent
4 Neutral	15	4.0	4.0	4.0
5 Agree slightly	170	45.2	45.2	49.2
6 Agree	173	46.0	46.0	95.2
7 Strongly agree	18	4.8	4.8	100.0
Total	376	100.0	100.0	

Figure 10: VERCOLL2 Response Frequencies



Table 3.4: Frequency Tables VERCOLL2

Response	Frequency	Percent	Valid Percent	Cumulative Percent
2 Disagree	2	.5	.5	.5
3 Disagree slightly	13	3.5	3.5	4.0
4 Neutral	87	23.1	23.1	27.1
5 Agree slightly	187	49.7	49.7	76.9
6 Agree	82	21.8	21.8	98.7
7 Strongly agree	5	1.3	1.3	100.0
Total	376	100.0	100.0	

Table 3.5: Summary of Estimated Means for Collectivism (N=99)

	HORCOLL1	HORCOLL2	VERCOLL1	VERCOLL2
All Values	5.39	5.60	5.40	4.88
EM	5.39	5.60	5.40	4.88

Table 3.6: Summary of Estimated Standard Deviations for Collectivism (N=99)

	HORCOLL1	HORCOLL2	VERCOLL1	VERCOLL2
All Values	.636	.781	.653	.907
EM	.636	.781	.653	.907

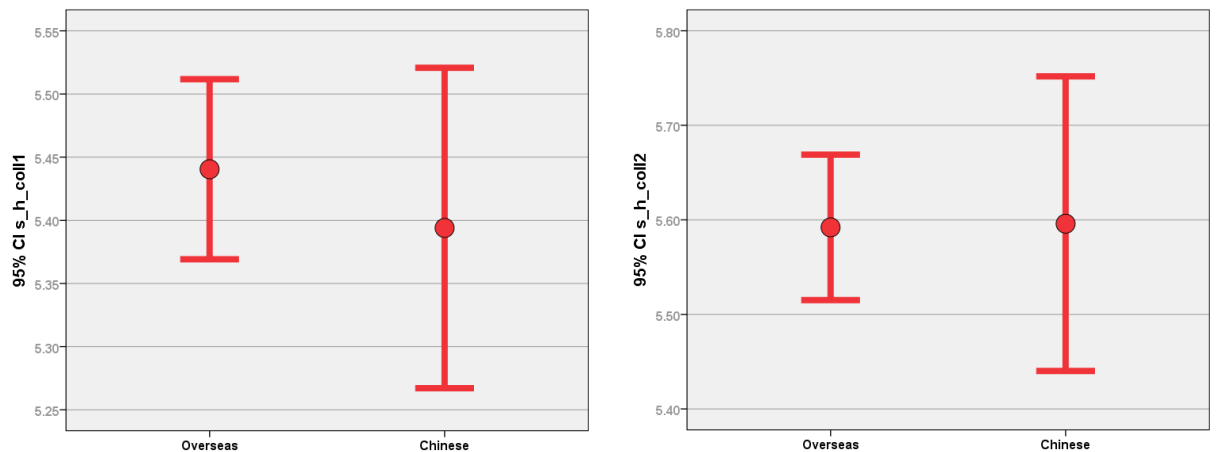
Table 3.7: Summary of Estimated Means for Collectivism (N=277)

	HORCOLL1	HORCOLL2	VERCOLL1	VERCOLL2
All Values	5.44	5.59	5.56	4.95
EM	5.44	5.59	5.56	4.95

Table 3.8: Summary of Estimated Standard Deviations for Collectivism (N=277)

	HORCOLL1	HORCOLL2	VERCOLL1	VERCOLL2
All Values	.603	.651	.649	.799
EM	.603	.651	.649	.799

Figure 11: 'Chinese' vs. 'Overseas' Confidence Interval Plots - Horizontal and Vertical Collectivism



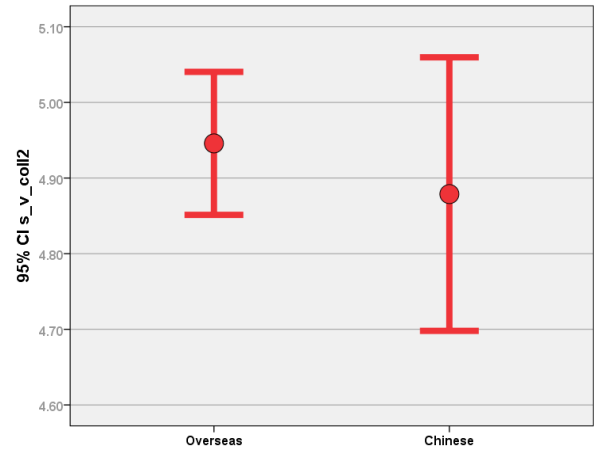
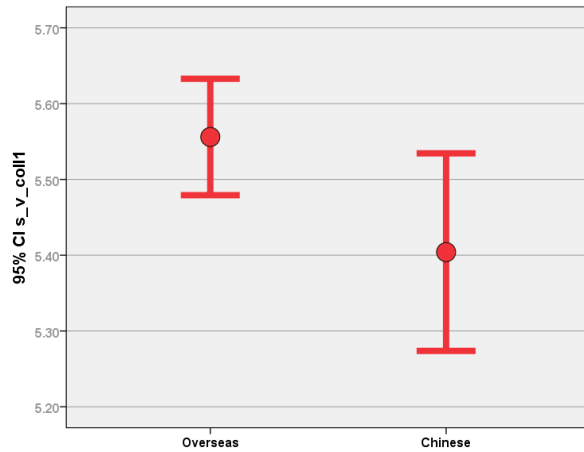


Table 3.9: 'Chinese' vs. 'Overseas' Test Statistics - Collectivism

Statement	Mann-Whitney U	Wilcoxon W	Z	Asymp. Sig. (2-Tailed)
HORCOLL1	12928.000	17878.000	-.956	.339
HORCOLL2	13576.000	18526.000	-.161	.872
VERCOLL1	11795.500	16745.500	-2.294	.022
VERCOLL2	12994.000	17944.000	-.836	.403

4.3.2 Collectivism Hypotheses Results

Table 3.10: Results of Collectivism Hypotheses

Variable	Hypotheses	Accept?	CI %
HORCOLL1	H ₅	No	
HORCOLL2	H ₆	No	
VERCOLL1	H ₇	Yes	95%
VERCOLL2	H ₈	No	

4.4 Power Distance Descriptive Statistics

Table 4: Descriptive Statistics - Power Distance

Statement	N	Minimum	Maximum
POWDIS1 I think managers should make most decisions without consulting subordinates	361	3	6
POWDIS2 I think managers should not delegate important tasks to subordinates	366	3	7
POWDIS3 I think managers should seldom ask for the opinions of subordinates	367	3	6

Figure 12: POWDIS1 Response Frequencies

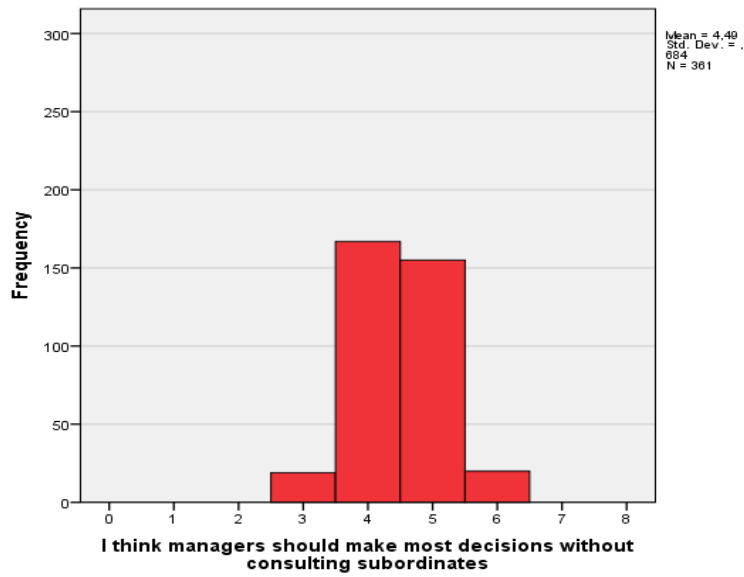


Table 4.1: Response Frequencies POWDIS1 (MVA)

Response	Frequency	Percent	Valid Percent	Cumulative Percent
3.00 Disagree slightly	19	5.1	5.1	5.1
3.87	1	.3	.3	5.3
3.94	1	.3	.3	5.6
4.00 Neutral	167	44.4	44.4	50.0
4.01	1	.3	.3	50.3
4.07	1	.3	.3	50.5
4.16	1	.3	.3	50.8
4.18	1	.3	.3	51.1
4.25	1	.3	.3	51.3
4.40	1	.3	.3	51.6
4.57	1	.3	.3	51.9
4.81	1	.3	.3	52.1
4.88	1	.3	.3	52.4
4.89	1	.3	.3	52.7
5.00 Agree slightly	155	41.2	41.2	93.9
5.01	1	.3	.3	94.1
5.02	1	.3	.3	94.4
5.19	1	.3	.3	94.7
6.00 Agree	20	5.3	5.3	100.0
Total	376	100.0	100.0	

Figure 13: POWDIS2 Response Frequencies

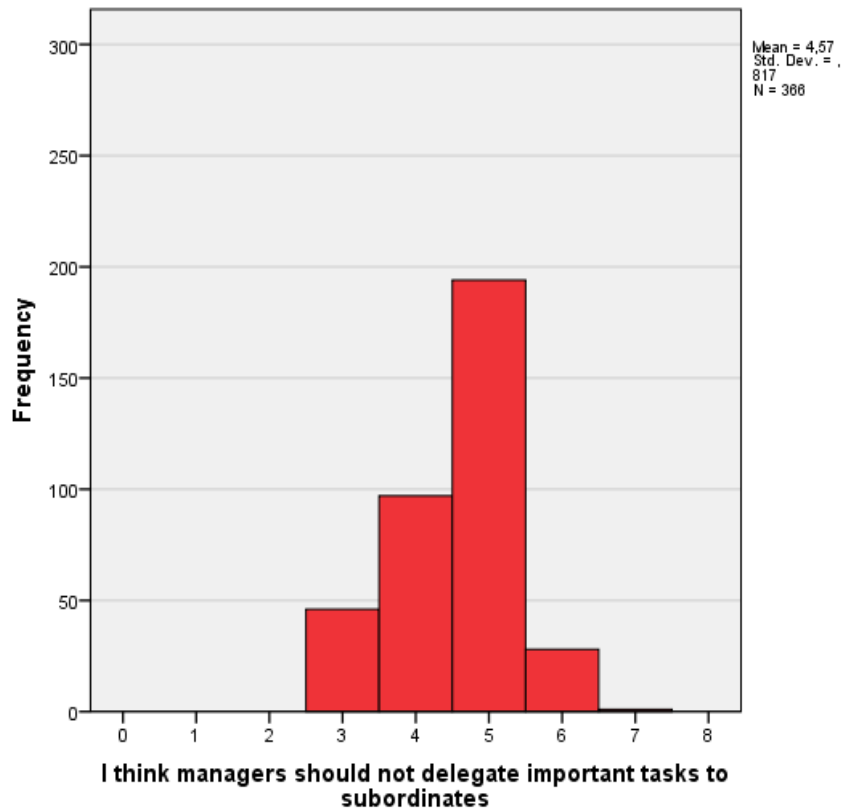


Table 4.2: Response Frequencies POWDIS2 (MVA)

Response	Frequency	Percent	Valid Percent	Cumulative Percent
3.00 Disagree slightly	46	12.2	12.2	12.2
3.48	1	.3	.3	12.5
3.58	1	.3	.3	12.8
3.95	1	.3	.3	13.0
4.00 Neutral	97	25.8	25.8	38.8
4.20	1	.3	.3	39.1
4.88	1	.3	.3	39.4
4.97	1	.3	.3	39.6
5.00 Agree slightly	194	51.6	51.6	91.2
5.18	1	.3	.3	91.5
5.55	1	.3	.3	91.8
5.74	1	.3	.3	92.0
5.77	1	.3	.3	92.3
6.00 Agree	28	7.4	7.4	99.7
7.00 Strongly agree	1	.3	.3	100.0
Total	376	100.0	100.0	

Figure 14: POWDIS3 Response Frequencies

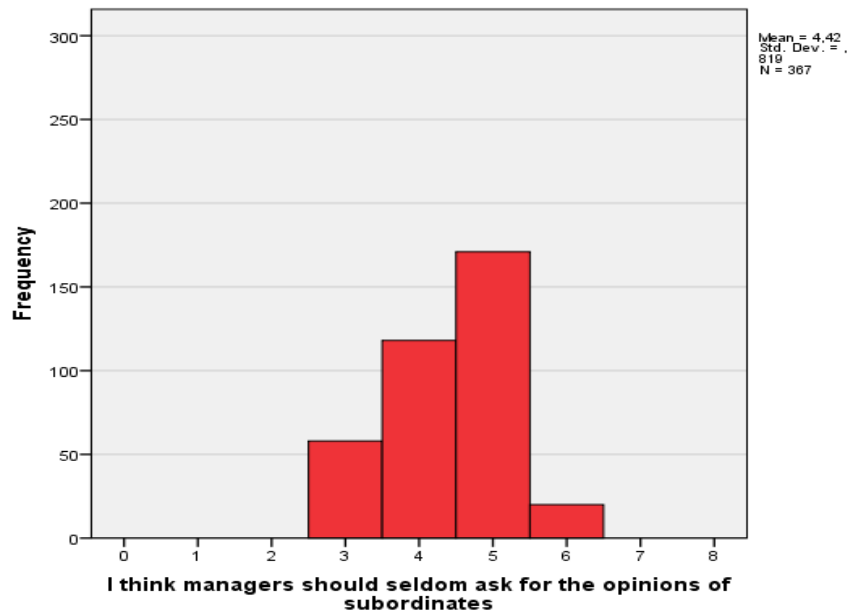


Table 4.3: Response Frequencies POWDIS3 (MVA)

Response	Frequency	Percent	Valid Percent	Cumulative Percent
3.00 Disagree slightly	58	15.4	15.4	15.4
3.62	1	.3	.3	15.7
4.00 Neutral	118	31.4	31.4	47.1
4.04	1	.3	.3	47.3
4.20	1	.3	.3	47.6
4.22	1	.3	.3	47.9
4.28	1	.3	.3	48.1
4.70	1	.3	.3	48.4
4.95	1	.3	.3	48.7
5.00 Agree slightly	171	45.5	45.5	94.1
5.30	1	.3	.3	94.4
5.68	1	.3	.3	94.7
6.00 Agree	20	5.3	5.3	100.0
Total	376	100.0	100.0	

Table 4.4: Summary of Estimated Means for Power Distance (N=99)

	POWDIS1	POWDIS2	POWDIS3
All Values	4.50	4.54	4.48
EM	4.50	4.55	4.49

Table 4.5: Summary of Estimated Standard Deviations for Power Distance (N=99)

	POWDIS1	POWDIS2	POWDIS3
All Values	.707	.839	.823
EM	.706	.838	.815

Table 4.6: Summary of Estimated Means for Power Distance (N=277)

	POWDIS1	POWDIS2	POWDIS3
All Values	4.48	4.57	4.39
EM	4.48	4.58	4.39

Table 4.7: Summary of Estimated Standard Deviations for Power Distance (N=277)

	POWDIS1	POWDIS2	POWDIS3
All Values	.676	.811	.817
EM	.675	.816	.817

Figure 15: 'Chinese' vs. 'Overseas' Confidence Interval Plots - Power Distance

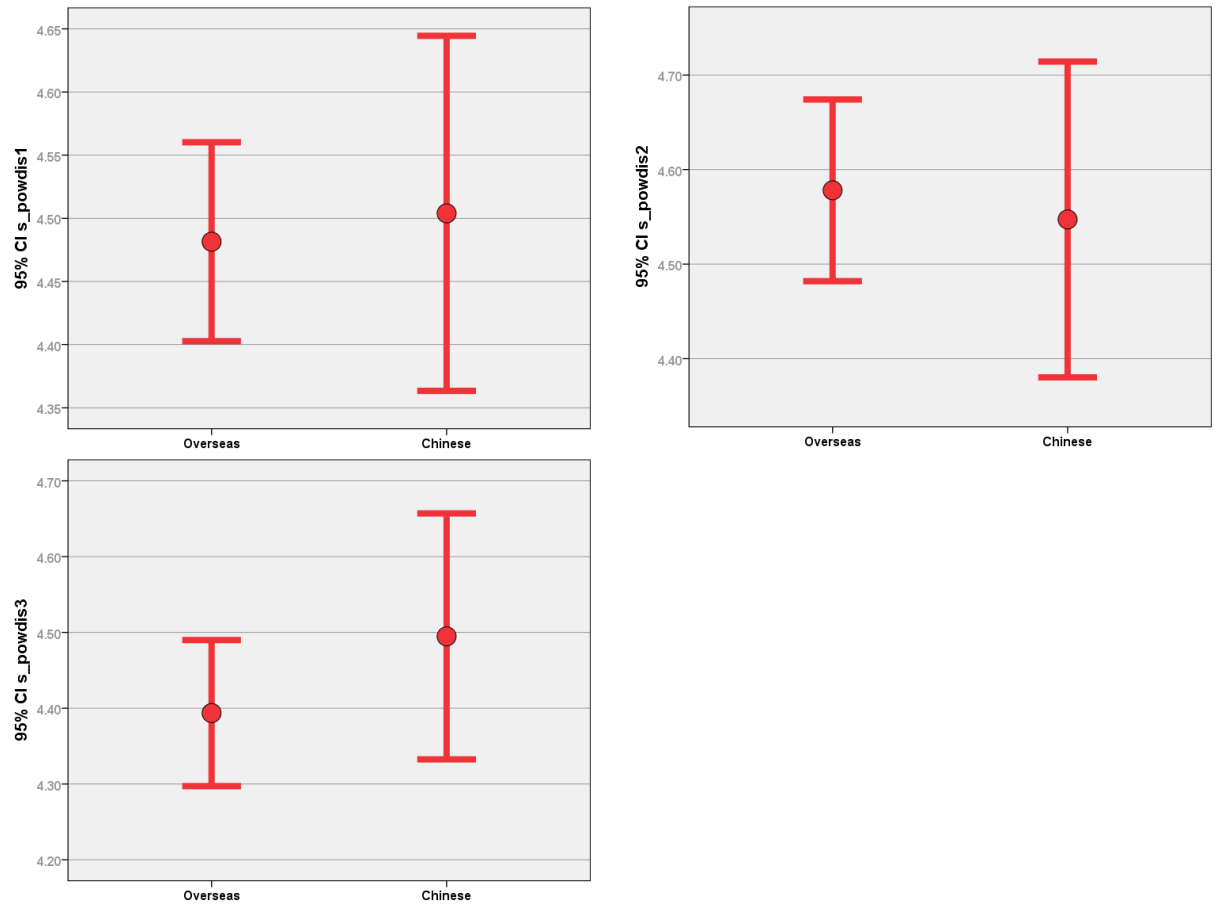


Table 4.8: 'Chinese' vs. 'Overseas' Test Statistics - Power Distance

Statement	Mann-Whitney U	Wilcoxon W	Z	Asymp. Sig. (2-Tailed)
POWDIS1	13533.000	52036.000	-.210	.834
POWDIS2	13354.500	18304.500	-.419	.675
POWDIS3	12866.000	51369.000	-.976	.329

4.4.2 Power Distance Hypotheses Results

Table 4.9 Results of Power Distance Hypotheses

Variable	Hypotheses	Accept?	CI %
POWDIS1	H ₉	No	
POWDIS2	H ₁₀	No	
POWDIS3	H ₁₁	No	

4.5 Confucianism Descriptive Statistics

Table 5: Descriptive Statistics - Confucianism

Statement	N	Minimum	Maximum
CONFU1 I believe managers must be persistent to accomplish business goals and objectives	376	4	7
CONFU2 It is important to have a conscience in business	376	3	7
CONFU3 Upholding one's personal image makes a difference in business goal achievement	376	2	7
CONFU4 I think hierarchical relationships at work are important and necessary	376	3	7
CONFU5 I think respect for tradition can facilitate performance	376	2	7
CONFU6 A good manager is more economical and less extravagant	376	4	7
CONFU7 Personal stability is critical to success in business	376	2	7
CONFU8 I believe the exchange of favours and gifts is necessary to excel in business	376	1	6

Figure 16: CONFU1 Response Frequencies

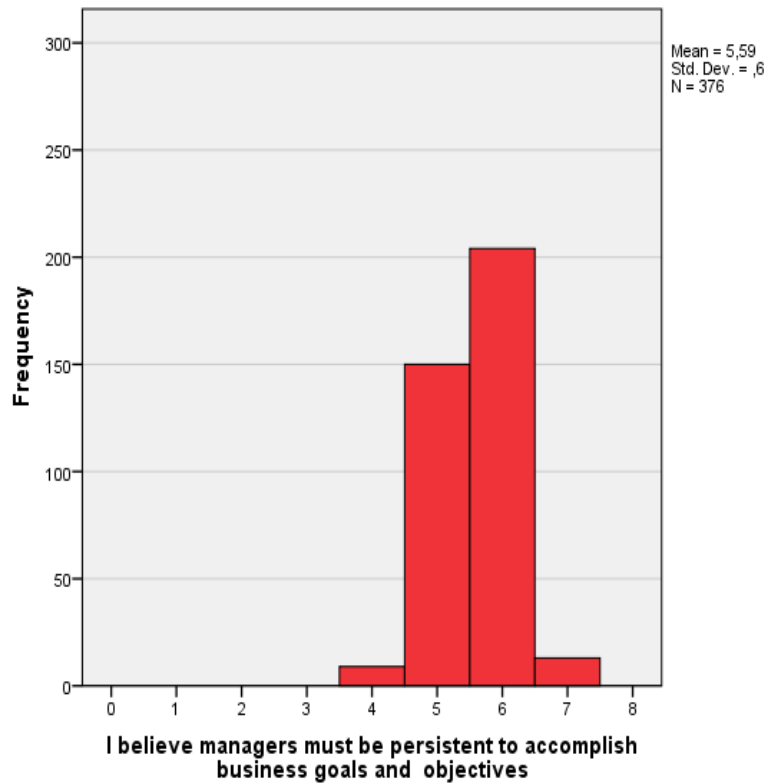


Table 5.1: Response Frequencies CONFU1

Response	Frequency	Percent	Valid Percent	Cumulative Percent
4 Neutral	9	2.4	2.4	2.4
5 Agree slightly	150	39.9	39.9	42.3
6 Agree	204	54.3	54.3	96.5
7 Strongly agree	13	3.5	3.5	100.0
Total	376	100.0	100.0	

Figure 17: CONFU2 Response Frequencies

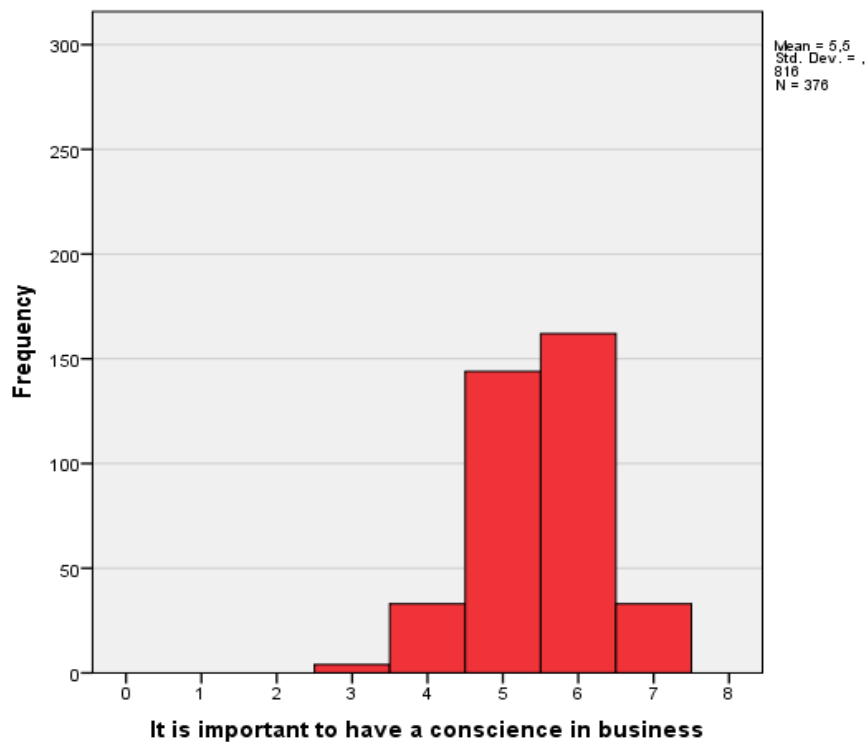


Table 5.2: Response Frequencies CONFU2

Response	Frequency	Percent	Valid Percent	Cumulative Percent
3 Disagree slightly	4	1.1	1.1	1.1
4 Neutral	33	8.8	8.8	9.8
5 Agree slightly	144	38.3	38.3	48.1
6 Agree	162	43.1	43.1	91.2
7 Strongly agree	33	8.8	8.8	100.0
Total	376	100.0	100.0	

Figure 18: CONFU3 Response Frequencies

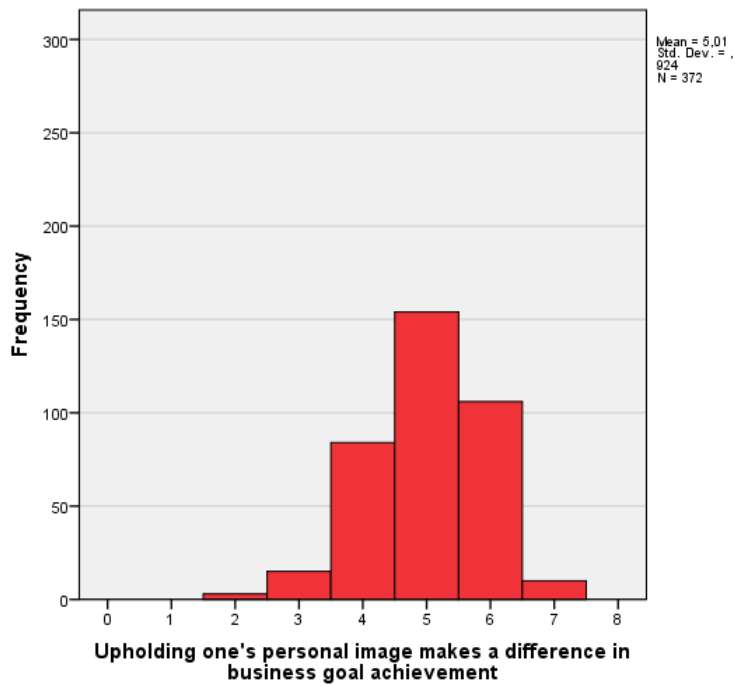


Table 5.3: Response Frequencies CONFU3 (MVA)

Response	Frequency	Percent	Valid Percent	Cumulative Percent
2.00 Disagree	3	.8	.8	.8
3.00 Disagree slightly	15	4.0	4.0	4.8
3.70	1	.3	.3	5.1
4.00 Neutral	84	22.3	22.3	27.4
4.02	1	.3	.3	27.7
5.00 Agree slightly	154	41.0	41.0	68.6
5.21	1	.3	.3	68.9
6.00 Agree	106	28.2	28.2	97.1
6.37	1	.3	.3	97.3
7.00 Strongly agree	10	2.7	2.7	100.0
Total	376	100.0	100.0	

Figure 19: CONFU4 Response Frequencies

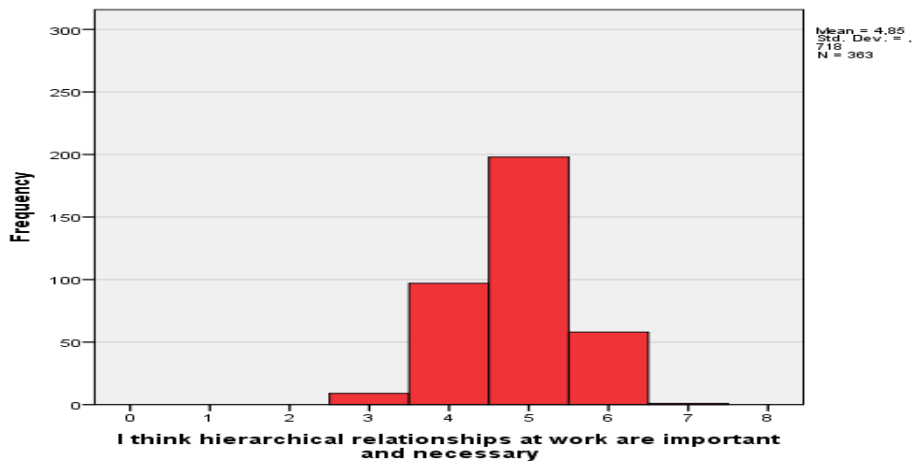


Table 5.4: Response Frequencies CONFU4 (MVA)

Response	Frequency	Percent	Valid Percent	Cumulative Percent
3.00 Disagree slightly	9	2.4	2.4	2.4
4.00 Neutral	97	25.8	25.8	28.2
4.12	1	.3	.3	28.5
4.48	1	.3	.3	28.7
4.56	1	.3	.3	29.0
4.68	1	.3	.3	29.3
4.75	1	.3	.3	29.5
4.84	1	.3	.3	29.8
4.87	1	.3	.3	30.1
5.00 Agree slightly	198	52.7	52.7	82.7
5.10	1	.3	.3	83.0
5.13	1	.3	.3	83.2
5.34	1	.3	.3	83.5
5.38	1	.3	.3	83.8
5.73	1	.3	.3	84.0
5.88	1	.3	.3	84.3
6.00 Agree	58	15.4	15.4	99.7
7.00 Strongly agree	1	.3	.3	100.0
Total	376	100.0	100.0	

Figure 20: CONFU5 Response Frequencies

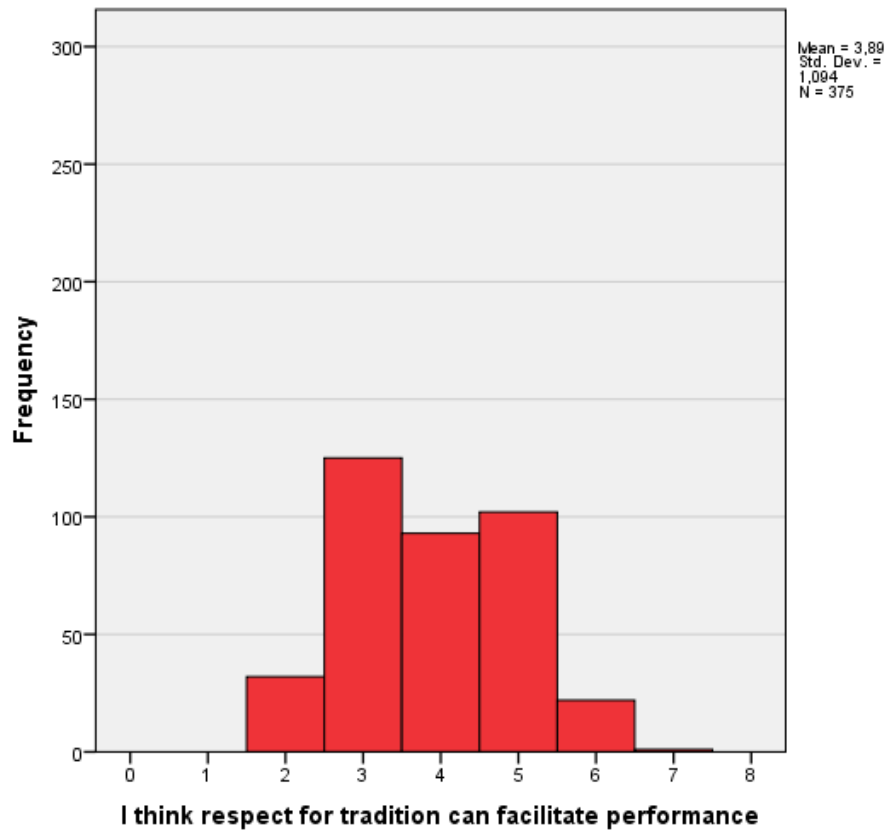


Table 5.5: Response Frequencies CONFU5 (MVA)

Response	Frequency	Percent	Valid Percent	Cumulative Percent
2.00 Disagree	32	8.5	8.5	8.5
3.00 Disagree slightly	125	33.2	33.2	41.8
3.28	1	.3	.3	42.0
4.00 Neutral	93	24.7	24.7	66.8
5.00 Agree slightly	102	27.1	27.1	93.9
6.00 Agree	22	5.9	5.9	99.7
7.00 Strongly agree	1	.3	.3	100.0
Total	376	100.0	100.0	

Figure 21: CONFU6 Response Frequencies

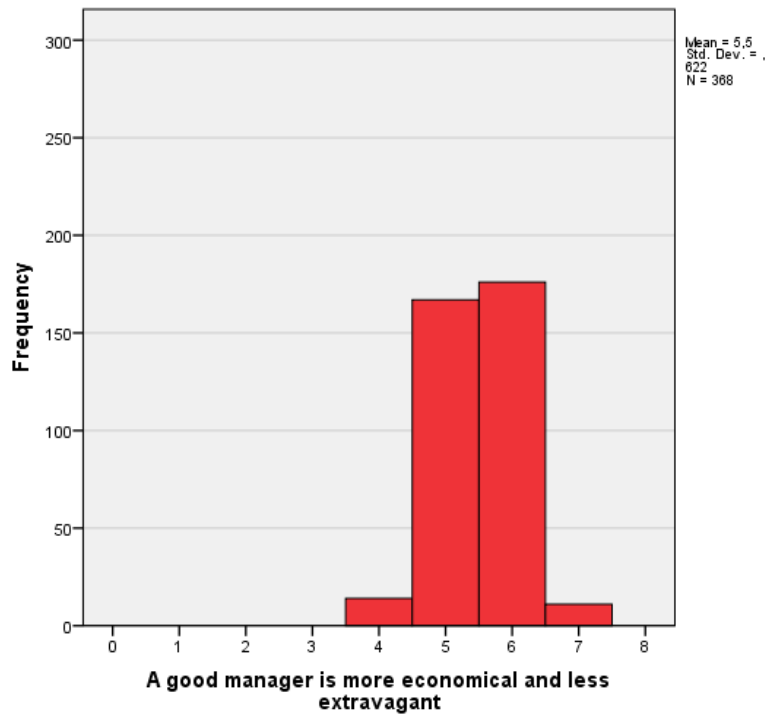


Table 5.6: Response Frequencies CONFU6 (MVA)

Response	Frequency	Percent	Valid Percent	Cumulative Percent
4.00 Neutral	14	3.7	3.7	3.7
5.00 Agree slightly	167	44.4	44.4	48.1
5.15	1	.3	.3	48.4
5.16	1	.3	.3	48.7
5.29	1	.3	.3	48.9
5.46	1	.3	.3	49.2
5.58	1	.3	.3	49.5
5.79	1	.3	.3	49.7
6.00 Agree	176	46.8	46.8	96.5
6.02	1	.3	.3	96.8
6.11	1	.3	.3	97.1
7.00 Strongly agree	11	2.9	2.9	100.0
Total	376	100.0	100.0	

Figure 22: CONFU7 Response Frequencies

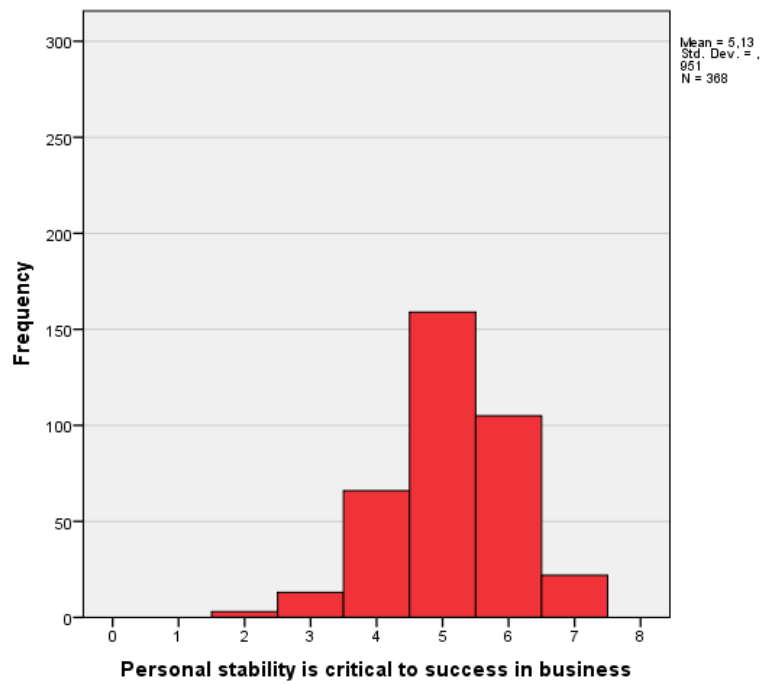


Table 5.7: Response Frequencies CONFU7 (MVA)

Response	Frequency	Percent	Valid Percent	Cumulative Percent
2.00 Disagree	3	.8	.8	.8
3.00 Disagree slightly	13	3.5	3.5	4.3
4.00 Neutral	66	17.6	17.6	21.8
4.05	1	.3	.3	22.1
4.33	1	.3	.3	22.3
4.41	1	.3	.3	22.6
5.00 Agree slightly	159	42.3	42.3	64.9
5.15	1	.3	.3	65.2
5.26	1	.3	.3	65.4
5.27	1	.3	.3	65.7
5.76	1	.3	.3	66.0
5.99	1	.3	.3	66.2
6.00 Agree	105	27.9	27.9	94.1
7.00 Strongly agree	22	5.9	5.9	100.0
Total	376	100.0	100.0	

Figure 23: CONFU8 Response Frequencies

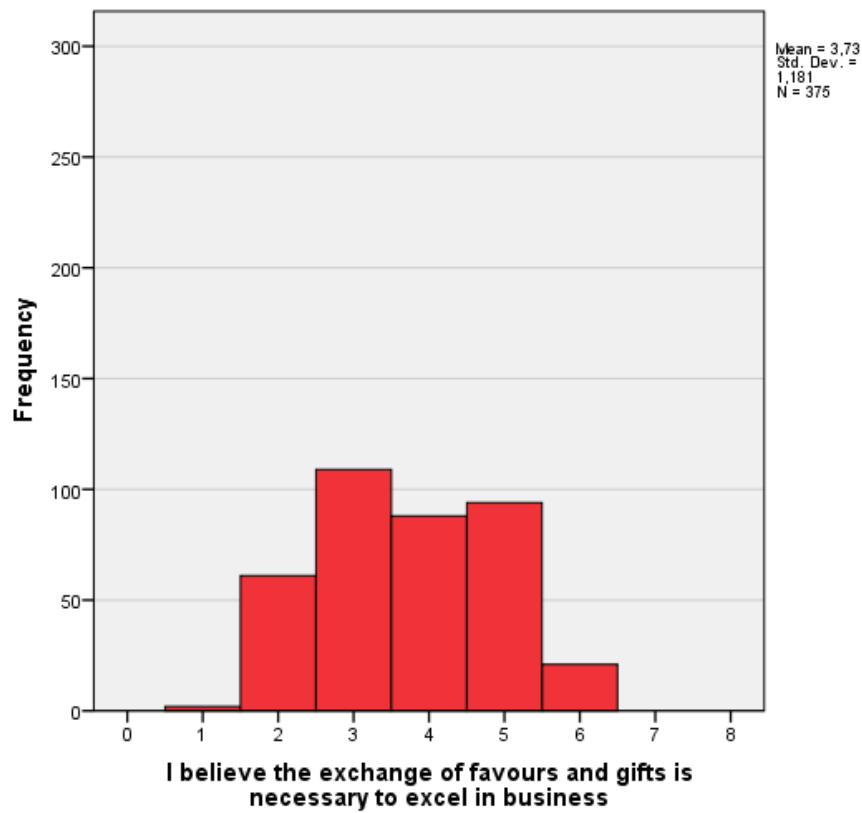


Table 5.8: Response Frequencies CONFU8 (MVA)

Response	Frequency	Percent	Valid Percent	Cumulative Percent
1.00 Strongly disagree	2	.5	.5	.5
2.00 Disagree	61	16.2	16.2	16.8
2.53	1	.3	.3	17.0
3.00 Disagree slightly	109	29.0	29.0	46.0
4.00 Neutral	88	23.4	23.4	69.4
5.00 Agree slightly	94	25.0	25.0	94.4
6.00 Agree	21	5.6	5.6	100.0
Total	376	100.0	100.0	

Table 5.9: Summary of Estimated Means for Confucianism (N=99)

	CONFU1	CONFU2	CONFU3	CONFU4	CONFU5	CONFU6	CONFU7	CONFU8
All Values	5.53	5.46	5.04	4.73	4.09	5.42	5.07	3.93
EM	5.53	5.46	5.03	4.74	4.09	5.42	5.08	3.93

Table 5.10: Summary of Estimated Standard Deviations for Confucianism (N=99)

	CONFU1	CONFU2	CONFU3	CONFU4	CONFU5	CONFU6	CONFU7	CONFU8
All Values	.690	.873	.836	.706	1.060	.574	.960	1.118
EM	.690	.873	.840	.697	1.060	.570	.959	1.118

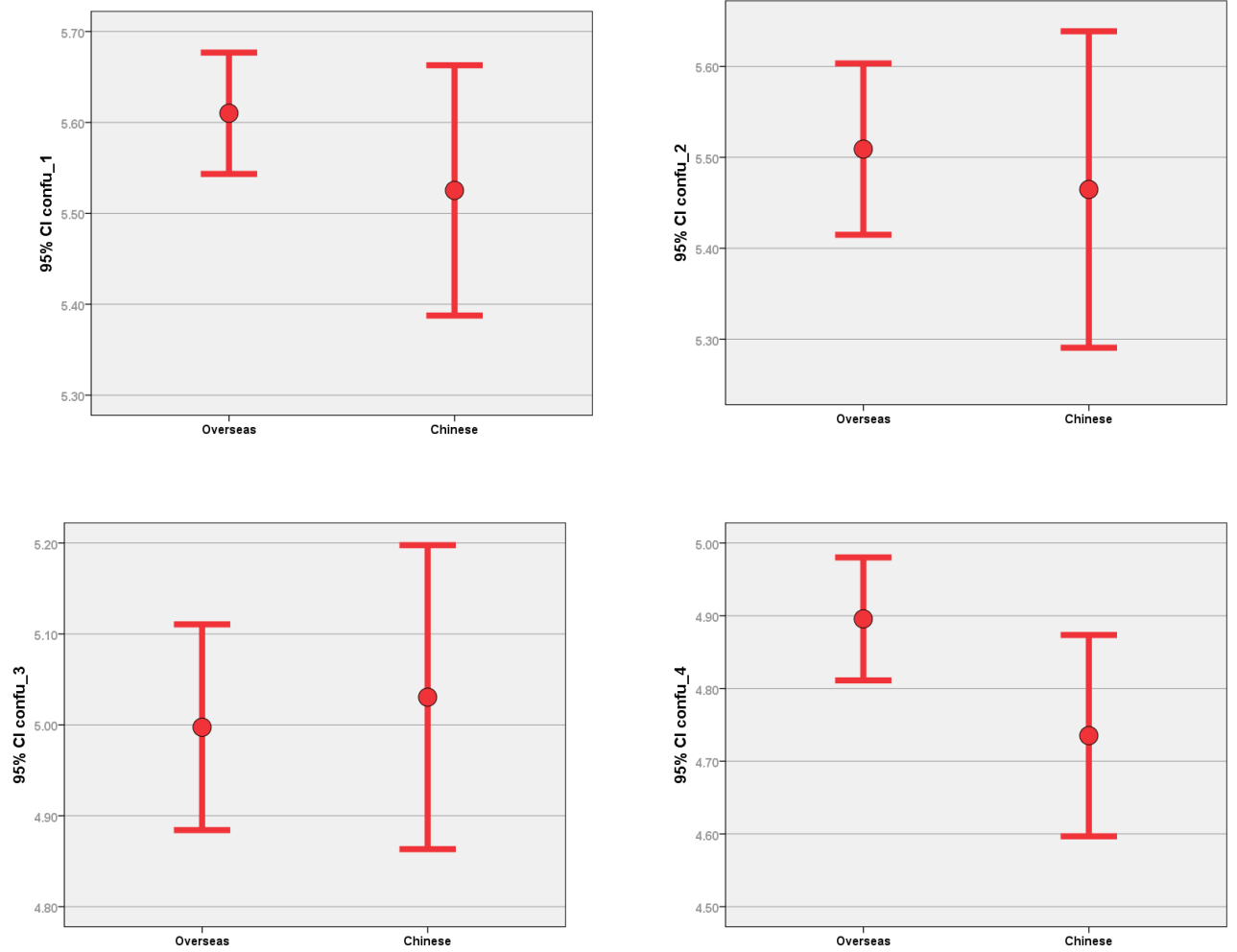
Table 5.11: Summary of Estimated Means for Confucianism (N=277)

	CONFU1	CONFU2	CONFU3	CONFU4	CONFU5	CONFU6	CONFU7	CONFU8
All Values	5.61	5.51	5.00	4.89	3.82	5.53	5.15	3.66
EM	5.61	5.51	5.00	4.90	3.82	5.53	5.14	3.66

Table 5.12: Summary of Estimated Standard Deviations for Confucianism (N=277)

	CONFU1	CONFU2	CONFU3	CONFU4	CONFU5	CONFU6	CONFU7	CONFU8
All Values	.564	.797	.955	.719	1.099	.636	.948	1.197
EM	.564	.797	.959	.719	1.099	.636	.949	1.198

Figure 24: 'Chinese' vs. 'Overseas' Confidence Interval Plots - Confucianism



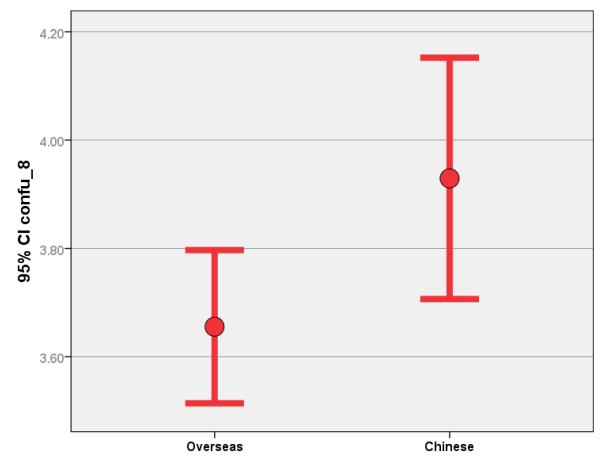
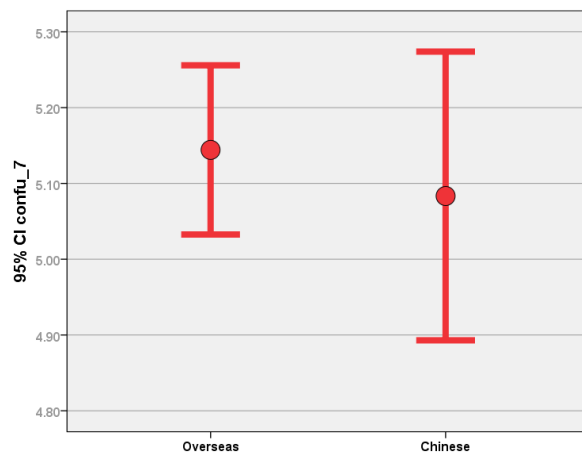
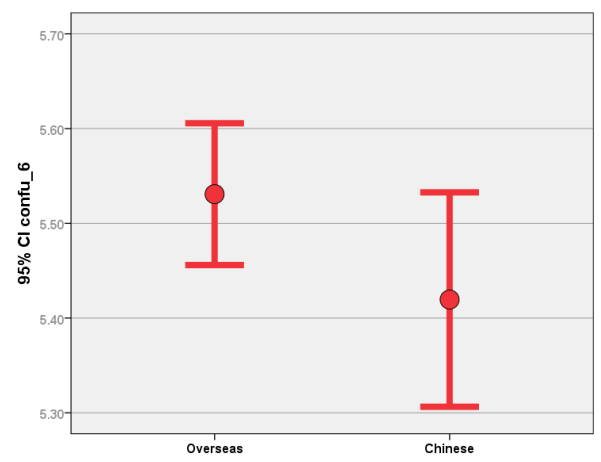
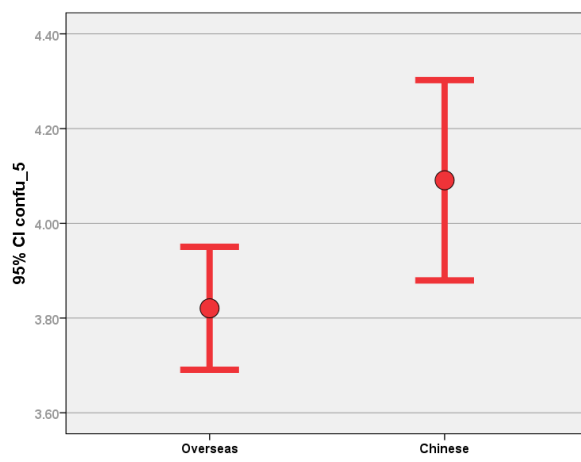


Table 5.13: 'Chinese' vs. 'Overseas' - Confucianism

Statement	Mann-Whitney U	Wilcoxon W	Z	Asymp. Sig. (2-Tailed)
CONFU1	12862.000	17812.000	-1.038	.299
CONFU2	13597.500	18547.500	-.132	.895
CONFU3	13513.500	52016.500	-.225	.822
CONFU4	12063.500	17013.500	-1.945	.052
CONFU5	11869.000	50372.000	-2.061	.039
CONFU6	11955.000	16905.000	-2.103	.035
CONFU7	13148.500	18098.500	-.640	.522
CONFU8	11885.000	50388.000	-2.027	.043

4.5.2 Confucianism Hypotheses Results

Table 5.14: Results of the Confucianism Hypotheses

Variable	Hypotheses	Accept?	CI %
CONFU1	H ₁₂	No	
CONFU2	H ₁₃	No	
CONFU3	H ₁₄	No	
CONFU4	H ₁₅	No	
CONFU5	H ₁₆	Yes	95%
CONFU6	H ₁₇	Yes	95%
CONFU7	H ₁₈	No	
CONFU8	H ₁₉	Yes	95%

4.6 Machiavellianism Descriptive Statistics

Table 6: Descriptive Statistics - Machiavellianism

Statement	N	Minimum	Maximum
MACHAMOR1 I will at times go against my moral standards to get ahead in business	376	.91	6.00
MACHAMOR2 I think 'cheaters often win'	376	1.00	7.00
MACHAMOR3 I think it can be acceptable at times to be unethical in business	376	1.00	7.00
MACHCONTROL1 I enjoy the control of others in a business environment	376	1.00	6.00
MACHCONTROL2 I enjoy being able to control the situation	376	1.00	7.00
MACHCONTROL3 I like to give the orders in business situations	376	2.00	6.00
MACSTATUS1 Status is a good sign of success in life	376	2.36	7.00

MACSTATUS2 I want to be rich and powerful one day	376	2.00	7.00
MACSTATUS3 The accumulation of wealth is an important goal for me	376	3.00	7.00
MACDISTRUST1 I think people are only motivated by personal gain	376	2.00	7.00
MACDISTRUST2 I think that few people are essentially trustworthy	376	2.00	6.00
MACDISTRUST3 Team members often treat one another badly to get ahead	376	1.00	6.00

Figure 25: MACHAMOR1 Response Frequencies

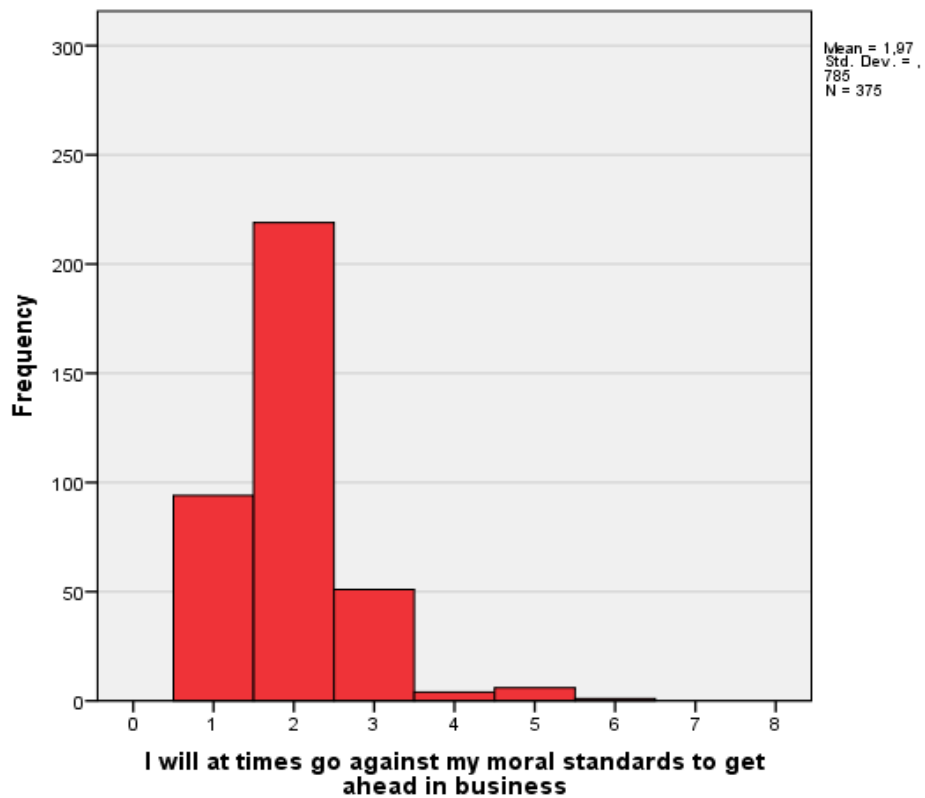


Table 6.1: Response Frequencies MACHAMOR1 (MVA)

Response	Frequency	Percent	Valid Percent	Cumulative Percent
.91	1	.3	.3	.3
1.00 Strongly disagree	94	25.0	25.0	25.3
2.00 Disagree	219	58.2	58.2	83.5
3.00 Disagree slightly	51	13.6	13.6	97.1
4.00 Neutral	4	1.1	1.1	98.1
5.00 Agree slightly	6	1.6	1.6	99.7
6.00 Agree	1	.3	.3	100.0
Total	376	100.0	100.0	

Figure 26: MACHAMOR2 Response Frequencies

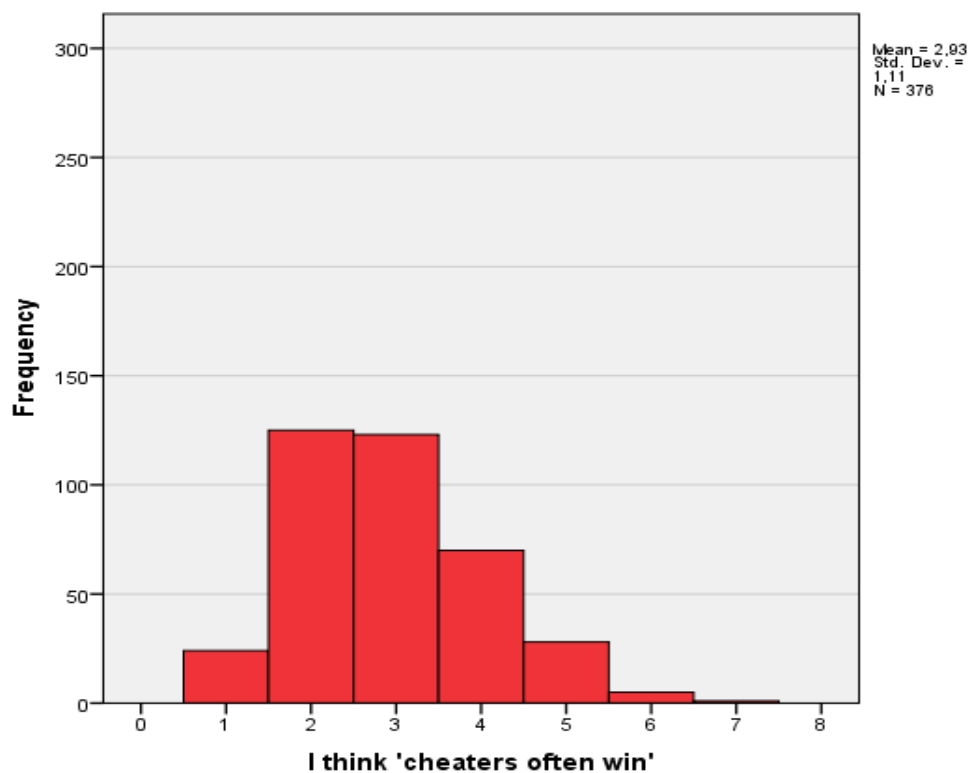


Table 6.2: Response Frequencies MACHAMOR2 (MVA)

Response	Frequency	Percent	Valid Percent	Cumulative Percent
1 Strongly disagree	24	6.4	6.4	6.4
2 Disagree	125	33.2	33.2	39.6
3 Disagree slightly	123	32.7	32.7	72.3
4 Neutral	70	18.6	18.6	91.0
5 Agree slightly	28	7.4	7.4	98.4
6 Agree	5	1.3	1.3	99.7
7 Strongly agree	1	.3	.3	100.0
Total	376	100	100	

Figure 27: MACHAMOR3 Response Frequencies

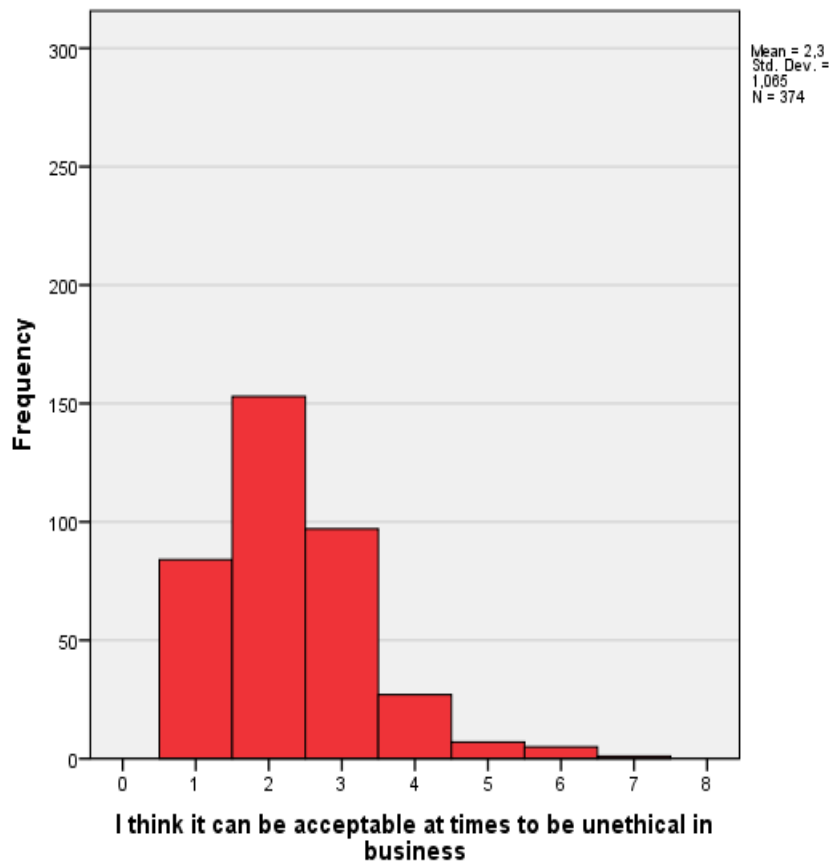


Table 6.3: Response Frequencies MACHAMOR3 (MVA)

Response	Frequency	Percent	Valid Percent	Cumulative Percent
1.00 Strongly disagree	84	22.3	22.3	22.3
1.08	1	.3	.3	22.6
1.27	1	.3	.3	22.9
2.00 Disagree	153	40.7	40.7	63.6
3.00 Disagree slightly	97	25.8	25.8	89.4
4.00 Neutral	27	7.2	7.2	96.5
5.00 Agree slightly	7	1.9	1.9	98.4
6.00 Agree	5	1.3	1.3	99.7
7.00 Strongly agree	1	.3	.3	100.0
Total	376	100.0	100.0	

Figure 28: MACHCONTROL1 Response Frequencies

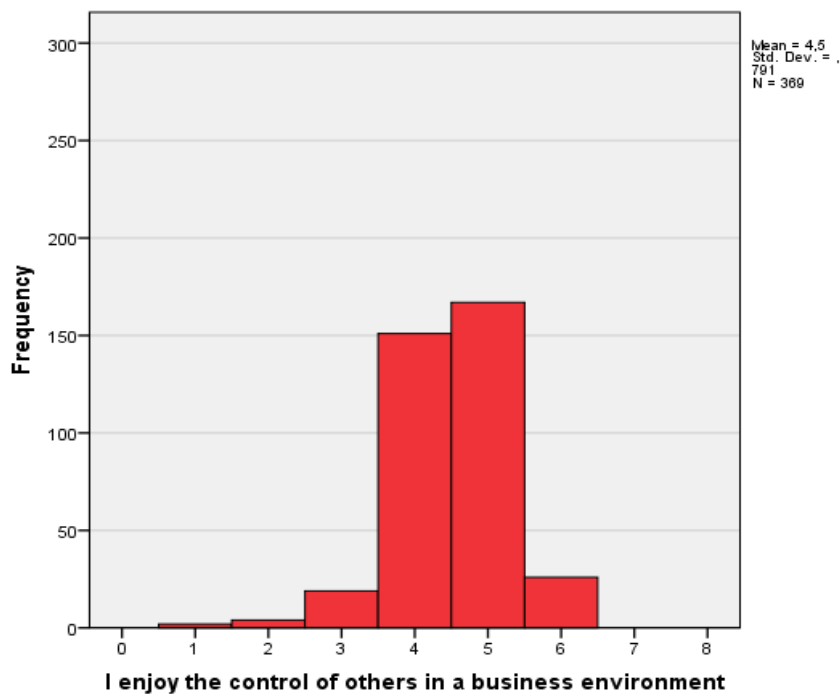


Table 6.4: Response Frequencies MACHCONTROL1 (MVA)

Response	Frequency	Percent	Valid Percent	Cumulative Percent
1.00 Strongly disagree	2	.5	.5	.5
2.00 Disagree	4	1.1	1.1	1.6
3.00 Disagree slightly	19	5.1	5.1	6.6
3.25	1	.3	.3	6.9

3.60	1	.3	.3	7.2
4.00 Neutral	151	40.2	40.2	47.3
4.13	1	.3	.3	47.6
4.25	1	.3	.3	47.9
4.48	1	.3	.3	48.1
4.79	1	.3	.3	48.4
4.99	1	.3	.3	48.7
5.00 Agree slightly	167	44.4	44.4	93.1
6.00 Agree	26	6.9	6.9	100.0
Total	376	100.0	100.0	

Figure 29: MACHCONTROL2 Response Frequencies

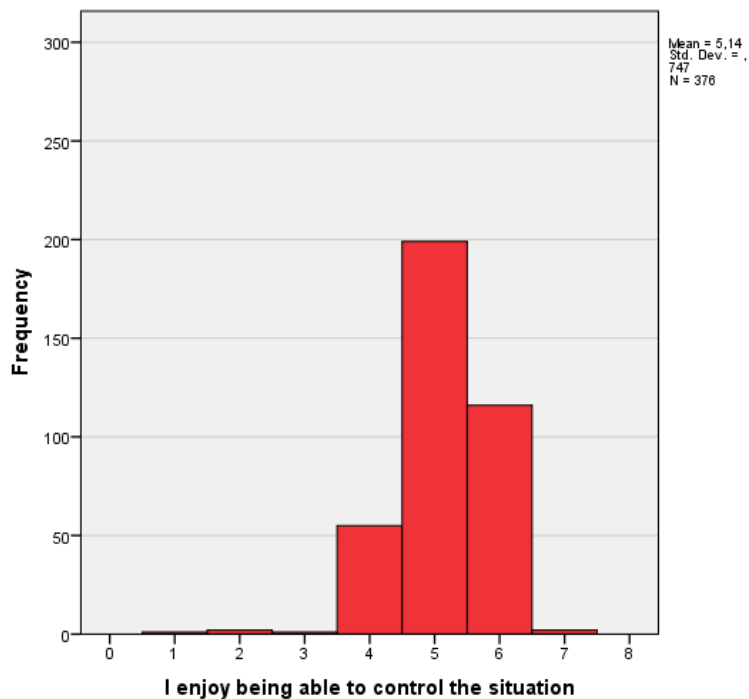


Table 6.5: Response Frequencies MACHCONTROL2 (MVA)

Response	Frequency	Percent	Valid Percent	Cumulative Percent
1.00 Strongly disagree	1	.3	.3	.3
2.00 Disagree	2	.5	.5	.8
3.00 Disagree slightly	1	.3	.3	1.1
4.00 Neutral	55	14.6	14.6	15.7
5.00 Agree slightly	199	52.9	52.9	68.6
6.00 Agree	116	30.9	30.9	99.5
7.00 Strongly agree	2	.5	.5	100.0
Total	376	100.0	100.0	

Figure 30: MACHCONTROL3 Response Frequencies

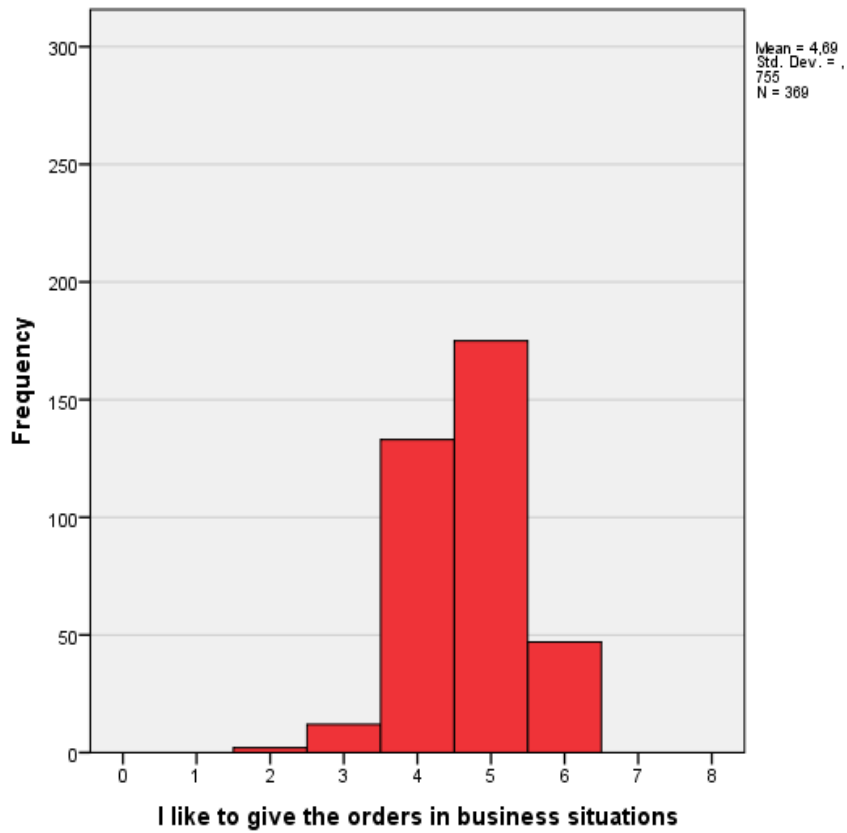


Table 6.6: Response Frequencies MACHCONTROL3 (MVA)

Response	Frequency	Percent	Valid Percent	Cumulative Percent
2.00 Disagree	2	.5	.5	.5
3.00 Disagree slightly	12	3.2	3.2	3.7
3.64	1	.3	.3	4.0
4.00 Neutral	133	35.4	35.4	39.4
4.06	1	.3	.3	39.6
4.18	1	.3	.3	39.9
4.62	1	.3	.3	40.2
4.75	1	.3	.3	40.4
5.00 Agree slightly	175	46.5	46.5	87.0
5.15	1	.3	.3	87.2
5.64	1	.3	.3	87.5
6.00 Agree	47	12.5	12.5	100.0
2.00 Disagree	2	.5	.5	.5
Total	376	100.0	100.0	

Figure 31: MACHSTATUS1 Response Frequencies



Table 6.7: Response Frequencies MACHSTATUS1 (MVA)

Response	Frequency	Percent	Valid Percent	Cumulative Percent
2.36	1	.3	.3	.3
3.00 Disagree slightly	2	.5	.5	.8
4.00 Neutral	14	3.7	3.7	4.5
4.86	1	.3	.3	4.8
4.87	1	.3	.3	5.1
4.94	1	.3	.3	5.3
5.00 Agree slightly	158	42.0	42.0	47.3
5.03	1	.3	.3	47.6
5.12	1	.3	.3	47.9
5.19	1	.3	.3	48.1
5.23	1	.3	.3	48.4
5.42	1	.3	.3	48.7
5.51	1	.3	.3	48.9
5.70	1	.3	.3	49.2
5.83	1	.3	.3	49.5
6.00 Agree	175	46.5	46.5	96.0
6.07	1	.3	.3	96.3
7.00 Strongly agree	14	3.7	3.7	100.0
Total	376	100.0	100.0	

Figure 32: MACHSTATUS2 Response Frequencies



Table 6.8: Response Frequencies MACHSTATUS2 (MVA)

Response	Frequency	Percent	Valid Percent	Cumulative Percent
2.00 Disagree	1	.3	.3	.3
3.00 Disagree slightly	2	.5	.5	.8
4.00 Neutral	77	20.5	20.5	21.3
4.86	1	.3	.3	21.5
5.00 Agree slightly	190	50.5	50.5	72.1
6.00 Agree	102	27.1	27.1	99.2
7.00 Strongly agree	3	.8	.8	100.0
Total	376	100.0	100.0	

Figure 33: MACHSTATUS3 Response Frequencies

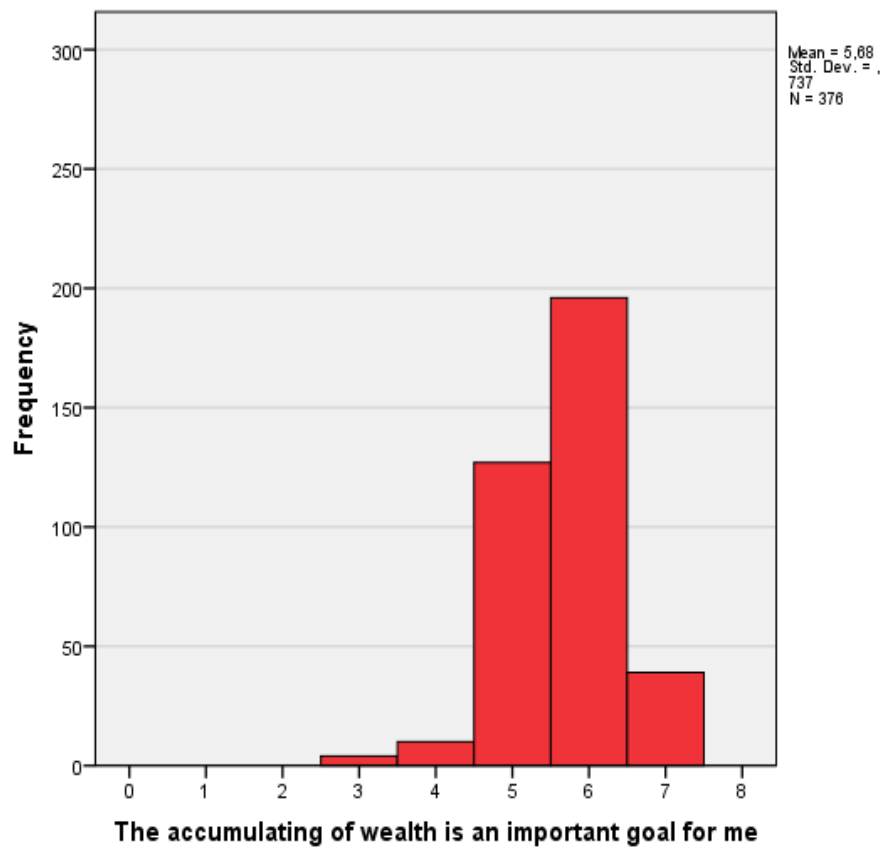


Table 6.9: Response Frequencies MACHSTATUS3

Response	Frequency	Percent	Valid Percent	Cumulative Percent
3 Disagree slightly	4	1.1	1.1	1.1
4 Neutral	10	2.7	2.7	3.7
5 Agree slightly	127	33.8	33.8	37.5
6 Agree	196	52.1	52.1	89.6
7 Strongly agree	39	10.4	10.4	100.0
Total	376	100.0	100.0	

Figure 34: MACHDISTRUST1 Response Frequencies

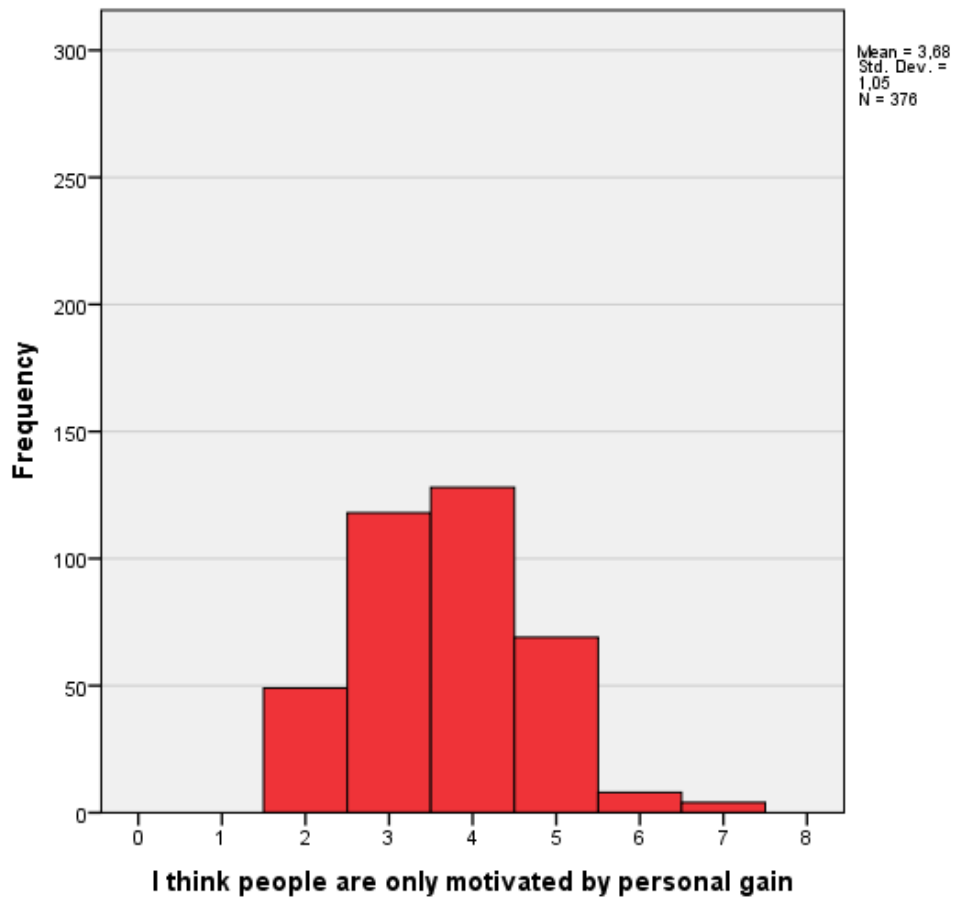


Table 6.10: Response Frequencies MACHDISTRUST1

Response	Frequency	Percent	Valid Percent	Cumulative Percent
2 Disagree	49	13.0	13.0	13.0
3 Disagree slightly	118	31.4	31.4	44.4
4 Neutral	128	34.0	34.0	78.5
5 Agree slightly	69	18.4	18.4	96.8
6 Agree	8	2.1	2.1	98.9
7 Strongly agree	4	1.1	1.1	100.0
Total	376	100.0	100.0	

Figure 35: MACHDISTRUST2 Response Frequencies

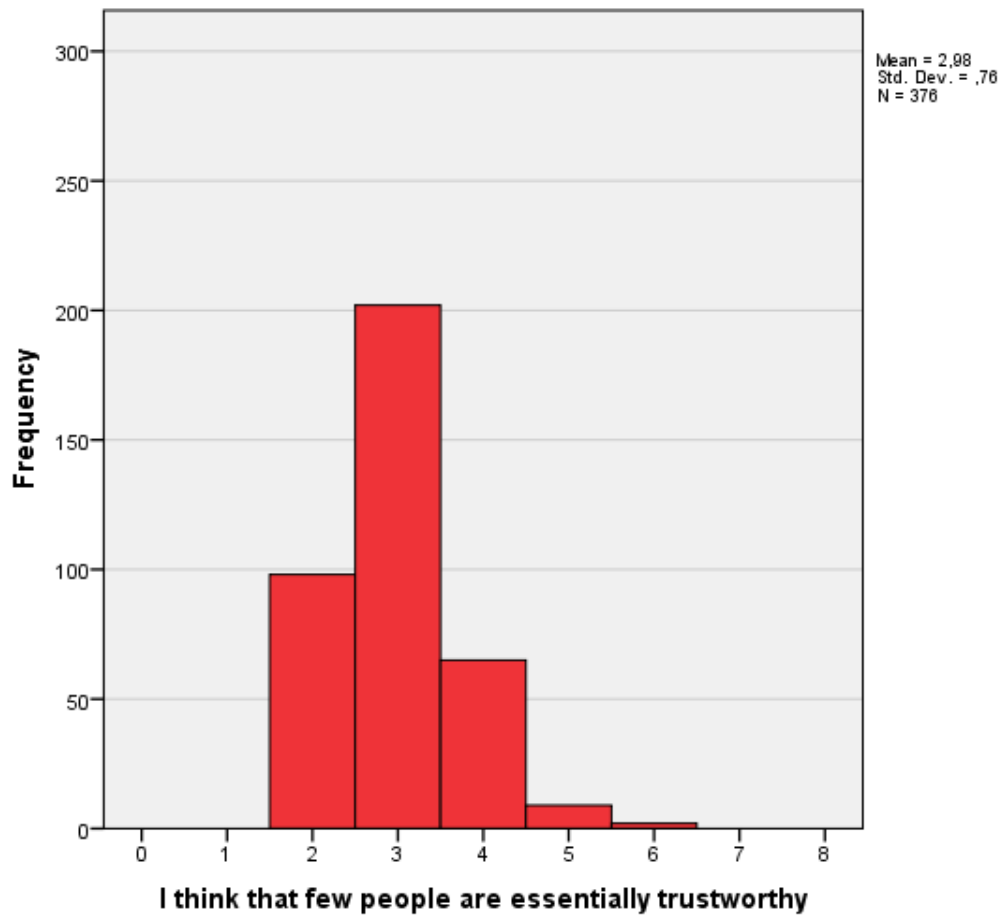


Table 6.11: Response Frequencies MACHDISTRUST2

Response	Frequency	Percent	Valid Percent	Cumulative Percent
2 Disagree	98	26.1	26.1	26.1
3 Disagree slightly	202	53.7	53.7	79.8
4 Neutral	65	17.3	17.3	97.1
5 Agree slightly	9	2.4	2.4	99.5
6 Agree	2	.5	.5	100.0
Total	376	100.0	100.0	

Figure 36: MACHDISTRUST3 Response Frequencies

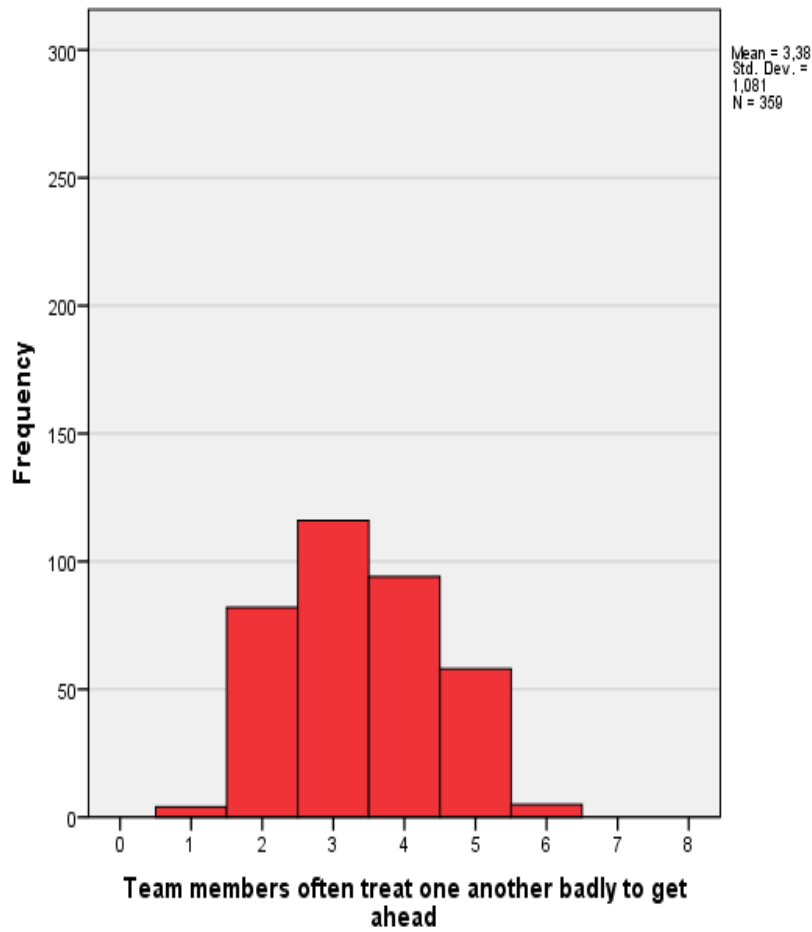


Table 6.12: Response Frequencies MACHDISTRUST3 (MVA)

Response	Frequency	Percent	Valid Percent	Cumulative Percent
1.00 Strongly disagree	4	1.1	1.1	1.1
2.00 Disagree	82	21.8	21.8	22.9
2.30	1	.3	.3	23.1
2.46	1	.3	.3	23.4
2.53	1	.3	.3	23.7
2.59	1	.3	.3	23.9
2.82	1	.3	.3	24.2
3.00 Disagree slightly	116	30.9	30.9	55.1
3.19	1	.3	.3	55.3
3.48	1	.3	.3	55.6
3.53	1	.3	.3	55.9
3.69	1	.3	.3	56.1
3.69	1	.3	.3	56.4

3.73	1	.3	.3	56.6
4.00 Neutral	94	25.0	25.0	81.6
4.03	1	.3	.3	81.9
4.12	1	.3	.3	82.2
4.15	1	.3	.3	82.4
4.19	1	.3	.3	82.7
4.31	1	.3	.3	83.0
5.00 Agree slightly	58	15.4	15.4	98.4
5.40	1	.3	.3	98.7
6.00 Agree	5	1.3	1.3	100.0
Total	376	100.0	100.0	

Table 6.13: Summary of Estimated Means for Machiavellianism (N=99)

	MACHAMOR1	MACHAMOR2	MACHAMOR3	MACHCON1	MACHCON2	MACHCON3
All Values	1.96	2.81	2.32	4.28	4.97	4.43
EM	1.96	2.81	2.30	4.28	4.97	4.44

	MACHSTAT1	MACHSTAT2	MACHSTAT3	MACHDIST1	MACHDIST2	MACHDIST3
All Values	5.40	4.91	5.49	3.66	3.02	3.43
EM	5.36	4.91	5.49	3.66	3.02	3.42

Table 6.14: Summary of Estimated Standard Deviations for Machiavellianism (N=99)

	MACHAMOR1	MACHAMOR2	MACHAMOR3	MACHCON1	MACHCON2	MACHCON3
All Values	.755	1.094	1.109	.881	.762	.802
EM	.755	1.094	1.111	.881	.762	.809

	MACHSTAT1	MACHSTAT2	MACHSTAT3	MACHDIST1	MACHDIST2	MACHDIST3
All Values	.718	.716	.774	1.126	.782	1.140
EM	.774	.716	.774	1.126	.782	1.133

Table 6.15: Summary of Estimated Means for Machiavellianism (N=277)

	MACHAMOR1	MACHAMOR2	MACHAMOR3	MACHCON1	MACHCON2	MACHCON3
All Values	1.97	2.97	2.30	4.59	5.20	4.78
EM	1.96	2.97	2.29	4.58	5.20	4.77

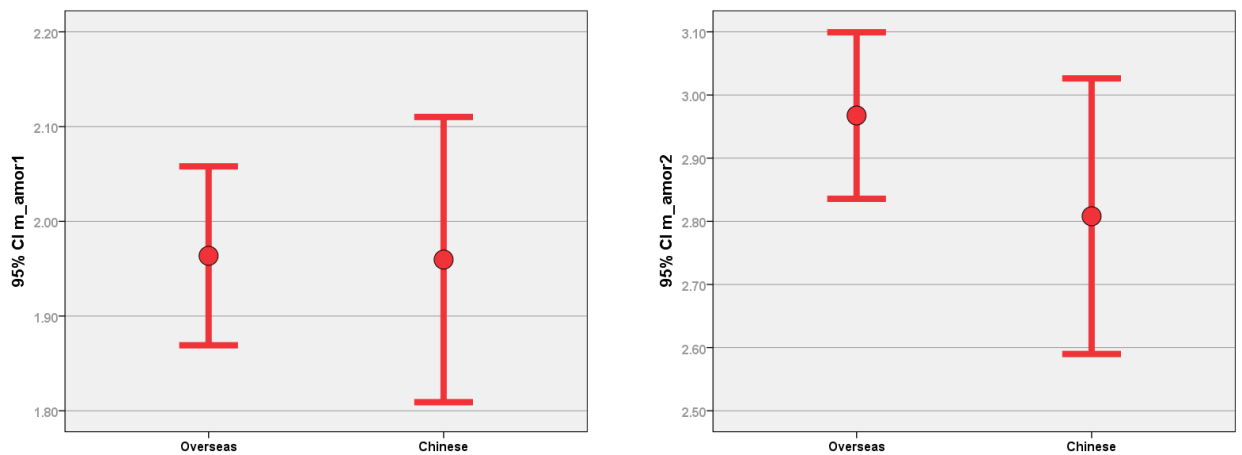
	MACHSTAT1	MACHSTAT2	MACHSTAT3	MACHDIST1	MACHDIST2	MACHDIST3
All Values	5.55	5.12	5.75	3.69	2.96	3.36
EM	5.54	5.12	5.75	3.69	2.96	3.37

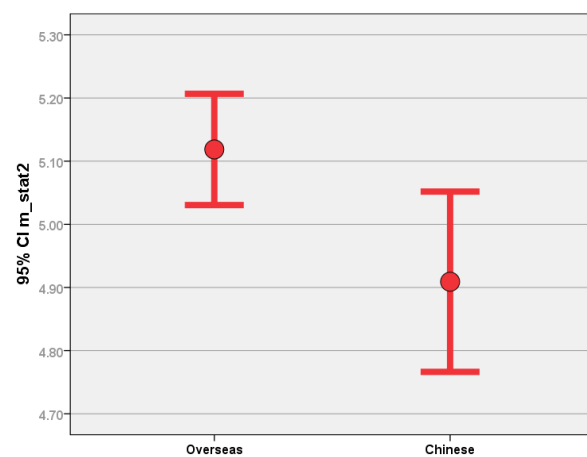
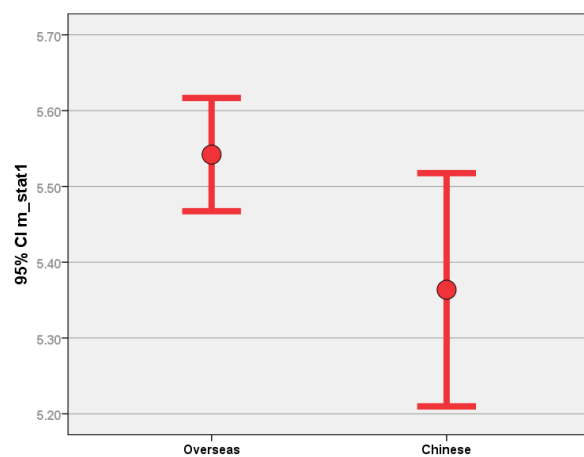
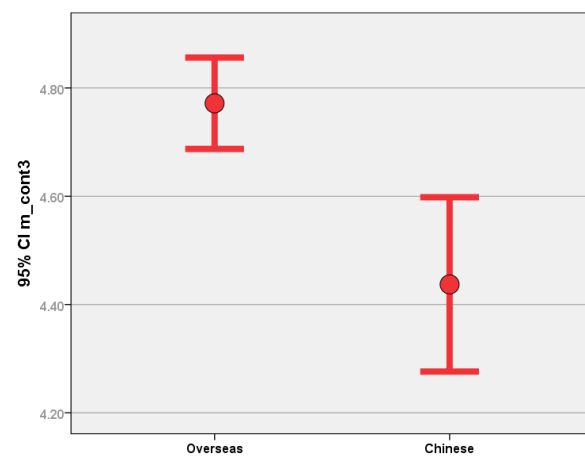
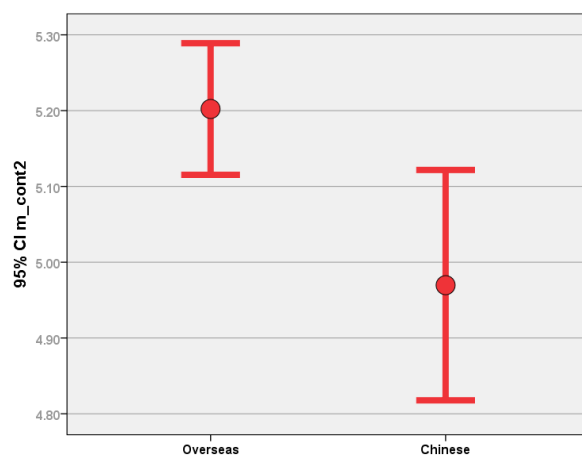
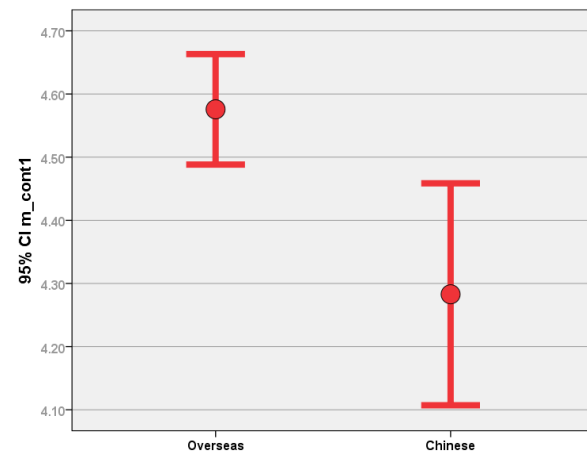
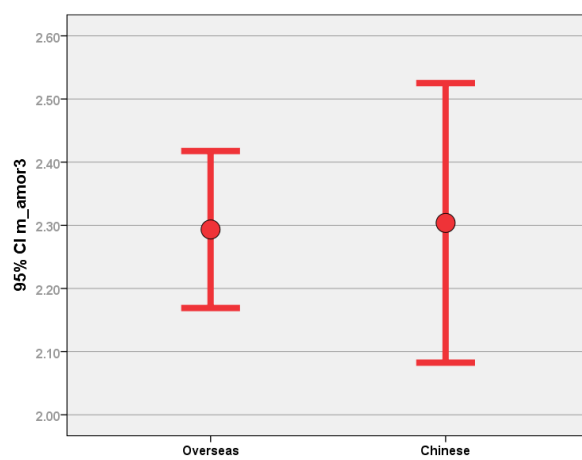
Table 6.16: Summary of Estimated Standard Deviations for Machiavellianism (N=277)

	MACHAMOR1	MACHAMOR2	MACHAMOR3	MACHCON1	MACHCON2	MACHCON3
All Values	.797	1.114	1.051	.741	.734	.717
EM	.799	1.114	1.052	.743	.734	.716

	MACHSTAT1	MACHSTAT2	MACHSTAT3	MACHDIST1	MACHDIST2	MACHDIST3
All Values	.637	.746	.713	1.023	.753	1.060
EM	.637	.745	.713	1.023	.753	1.062

Figure 37: 'Chinese' vs. 'Overseas' Confidence Interval Plots - Machiavellianism





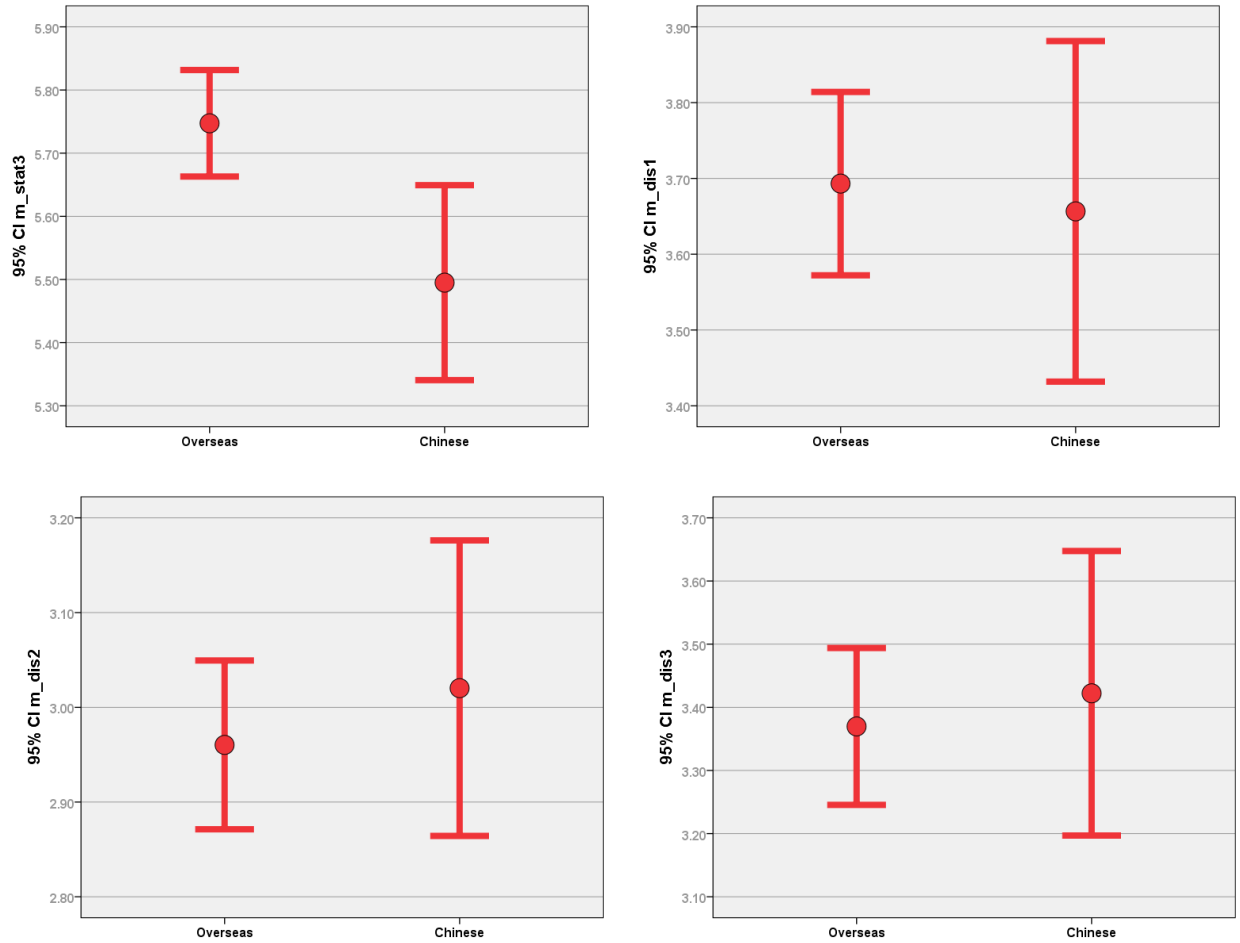


Table 6.17: 'Chinese' vs. 'Overseas' Test Statistics - Machiavellianism

Statement	Mann-Whitney U	Wilcoxon W	Z	Asymp. Sig. (2-Tailed)
MACHAMOR1	13522.000	52025.000	-.231	.818
MACHAMOR2	12882.500	17832.500	-.931	.352
MACHAMOR3	12661.500	18611.500	-.057	.955
MACHCONROL1	11414.000	16364.000	-2.689	.007
MACHCONTROL2	11499.500	16449.500	-2.633	.008
MACHCONTROL3	10647.000	15597.000	-3.575	.000
MACHSTATUS1	11888.000	16838.000	-2.163	.031
MACHSTATUS2	11533.000	16483.000	-2.557	.011
MACHSTATUS3	11381.500	16331.500	-2.774	.006
MACHDISTRUST1	13133.000	18083.000	-.649	.516
MACHDISTRUST2	13264.000	51767.000	-.532	.595
MACHDISTRUST3	13294.000	51797.000	-.464	.643

4.6.2 Machiavellianism Hypotheses Results

Table 6.18: Results of the Machiavellianism Hypotheses

Variable	Hypotheses	Accept?	CI %
MACHAMOR1	H ₂₀	No	
MACHAMOR2	H ₂₁	No	
MACHAMOR3	H ₂₂	No	
MACHCONTROL1	H ₂₃	Yes	99%
MACHCONTROL2	H ₂₄	Yes	99%
MACHCONTROL3	H ₂₅	Yes	99%
MACHSTATUS1	H ₂₆	Yes	95%
MACHSTATUS2	H ₂₇	Yes	95%
MACHSTATUS3	H ₂₈	Yes	99%
MACHDISTRUST1	H ₂₉	No	
MACHDISTRUST2	H ₃₀	No	
MACHDISTRUST3	H ₃₁	No	

4.7 Social Axioms Descriptive Statistics

Table 7: Descriptive Statistics - Social Axioms

Statement	N	Minimum	Maximum
SACYNIC1 I believe it is easier to succeed in business if a person knows how to take shortcuts	376	2	7
SACYNIC2 I believe power and status make people arrogant	376	2	7
SACYNIC3 I think significant achievement in business requires one to show no concern for the methods	376	1	6
SACOMPLEX1 I believe human behaviour changes with the social context	376	3	7
SACOMPLEX2 I believe a person's behaviour at work may be contrary to his or her true feelings	376	2	7
SACOMPLEX3 I believe people may have opposite behaviours on different occasions at work	376	2	7
SAAPPLIC1 I believe people will be successful if they really try	376	3	7
SAAPPLIC2 I believe every problem has a solution	376	3	7
SAAPPLIC3 I believe knowledge is necessary for success	376	3	7

Figure 38: SACYNIC1 Response Frequencies

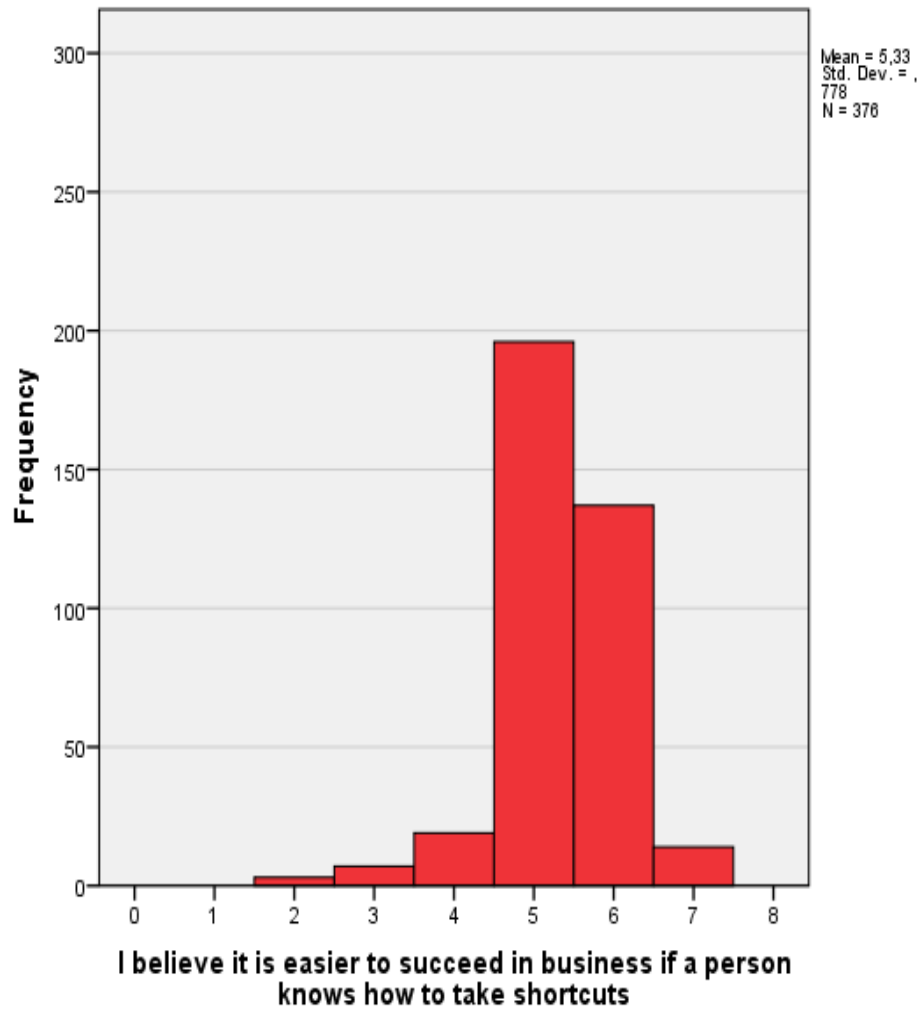


Table 7.1: Response Frequencies SACYNIC1

Response	Frequency	Percent	Valid Percent	Cumulative Percent
2 Disagree	3	.8	.8	.8
3 Disagree slightly	7	1.9	1.9	2.7
4 Neutral	19	5.1	5.1	7.7
5 Agree slightly	196	52.1	52.1	59.8
6 Agree	137	36.4	36.4	96.3
7 Strongly agree	14	3.7	3.7	100.0
Total	376	100	100	

Figure 39: SACYNIC2 Response Frequencies

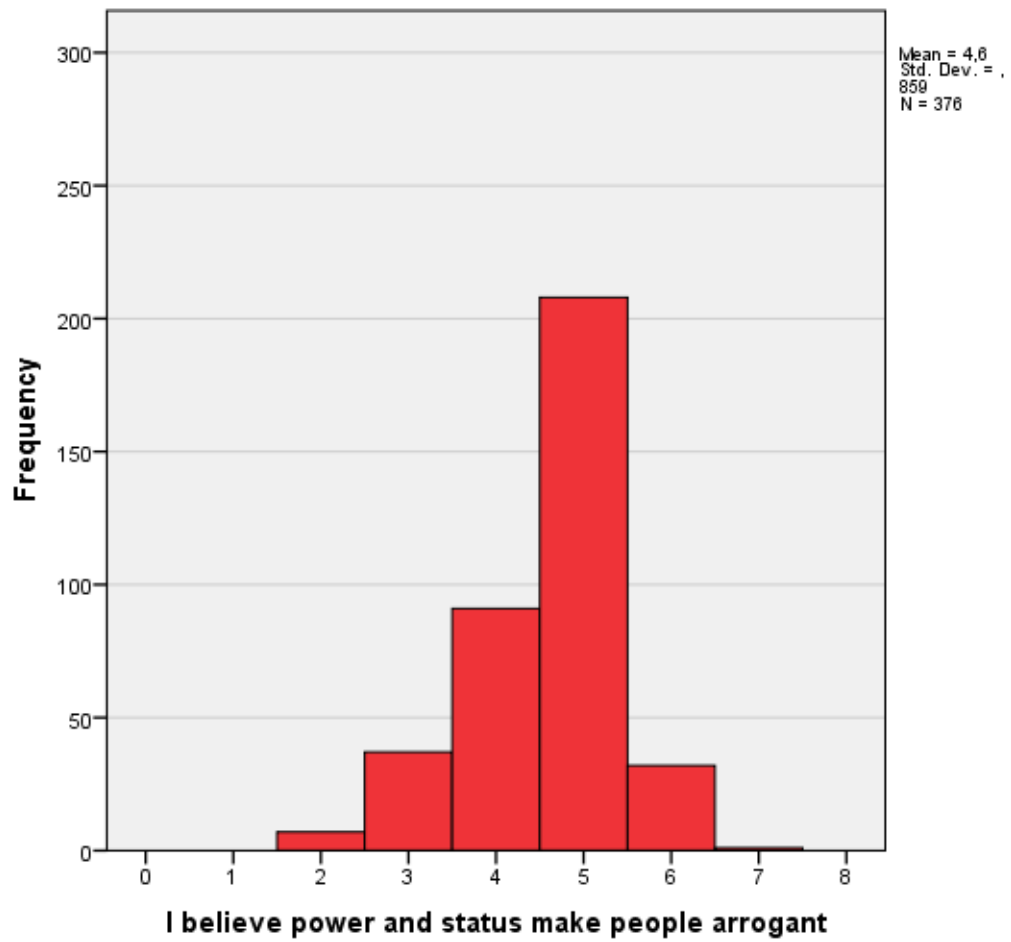


Table 7.2: Response Frequencies SACYNIC2

Response	Frequency	Percent	Valid Percent	Cumulative Percent
2 Disagree	7	1.9	1.9	1.9
3 Disagree slightly	37	9.8	9.8	11.7
4 Neutral	91	24.2	24.2	35.9
5 Agree slightly	208	55.3	55.3	91.2
6 Agree	32	8.5	8.5	99.7
7 Strongly agree	1	.3	.3	100.0
Total	376	100.0	100.0	

Figure 40: SACYNIC3 Response Frequencies

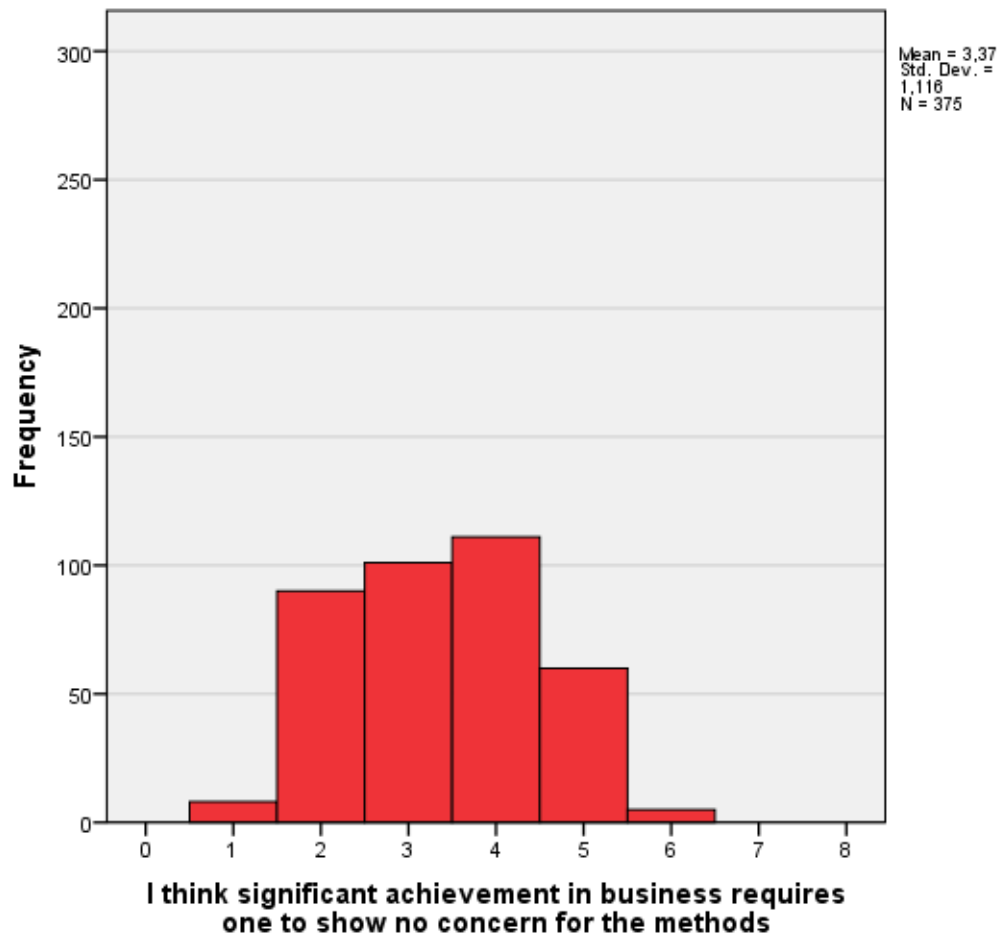


Table 7.3: Response Frequencies SACYNIC3 (MVA)

Response	Frequency	Percent	Valid Percent	Cumulative Percent
1.00 Strongly disagree	8	2.1	2.1	2.1
2.00 Disagree	90	23.9	23.9	26.1
3.00 Disagree slightly	101	26.9	26.9	52.9
3.59	1	.3	.3	53.2
4.00 Neutral	111	29.5	29.5	82.7
5.00 Agree slightly	60	16.0	16.0	98.7
6.00 Agree	5	1.3	1.3	100.0
Total	376	100.0	100.0	

Figure 41: SACOMPLEX1 Response Frequencies

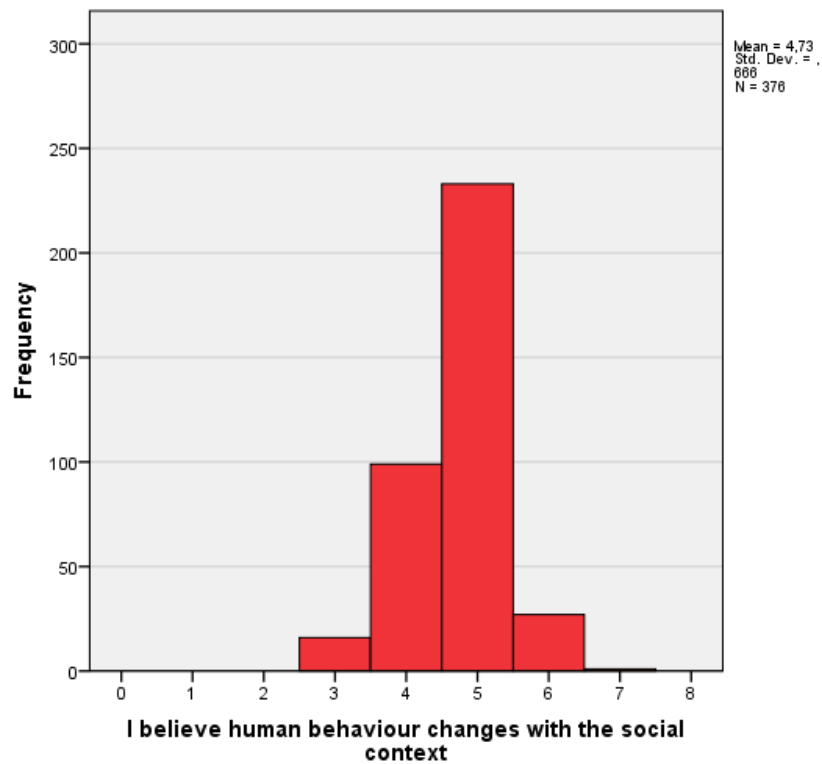


Table 7.4 Response Frequencies SACOMPLEX1

Response	Frequency	Percent	Valid Percent	Cumulative Percent
3 Disagree slightly	16	4.3	4.3	4.3
4 Neutral	99	26.3	26.3	30.6
5 Agree slightly	233	62.0	62.0	92.6
6 Agree	27	7.2	7.2	99.7
7 Strongly agree	1	.3	.3	100.0
Total	376	100.0	100.0	

Figure 42: SACOMPLEX2 Response Frequencies

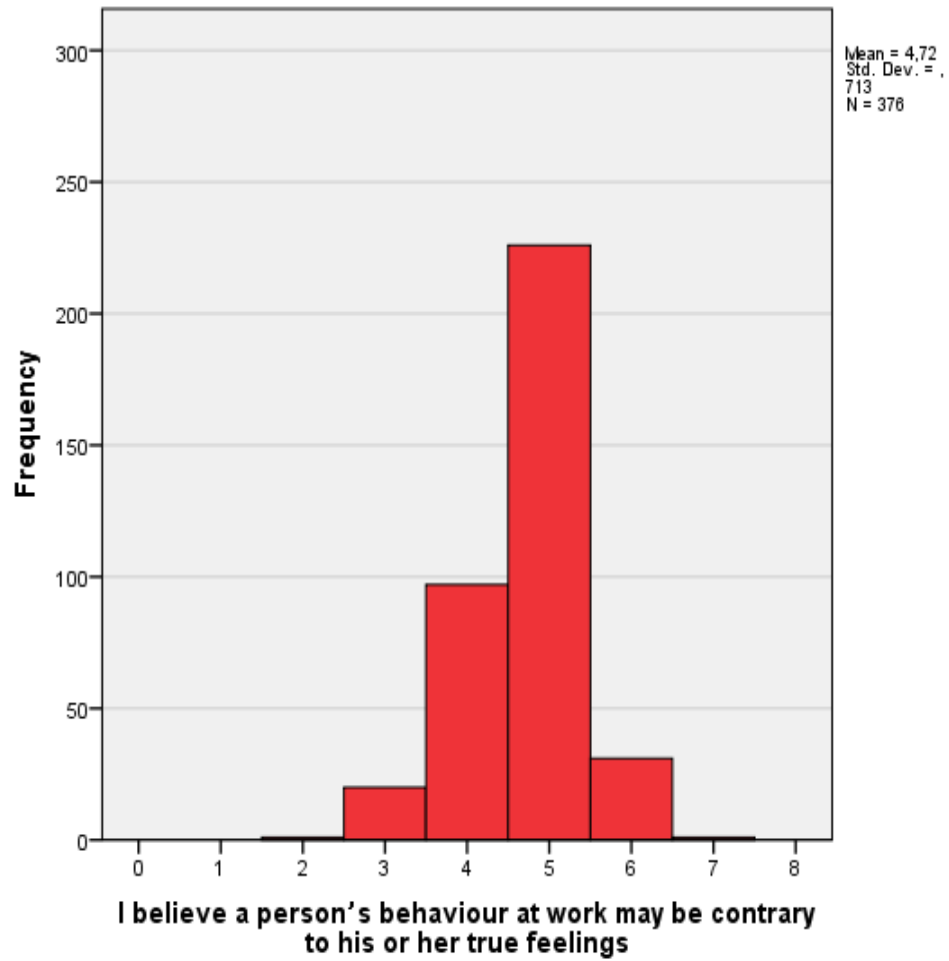


Table 7.5: Response Frequencies SACOMPLEX2

Response	Frequency	Percent	Valid Percent	Cumulative Percent
2 Disagree	1	.3	.3	.3
3 Disagree slightly	20	5.3	5.3	5.6
4 Neutral	97	25.8	25.8	31.4
5 Agree slightly	226	60.1	60.1	91.5
6 Agree	31	8.2	8.2	99.7
7 Strongly agree	1	.3	.3	100.0
Total	376	100.0	100.0	

Figure 43: SACOMPLEX3 Response Frequencies

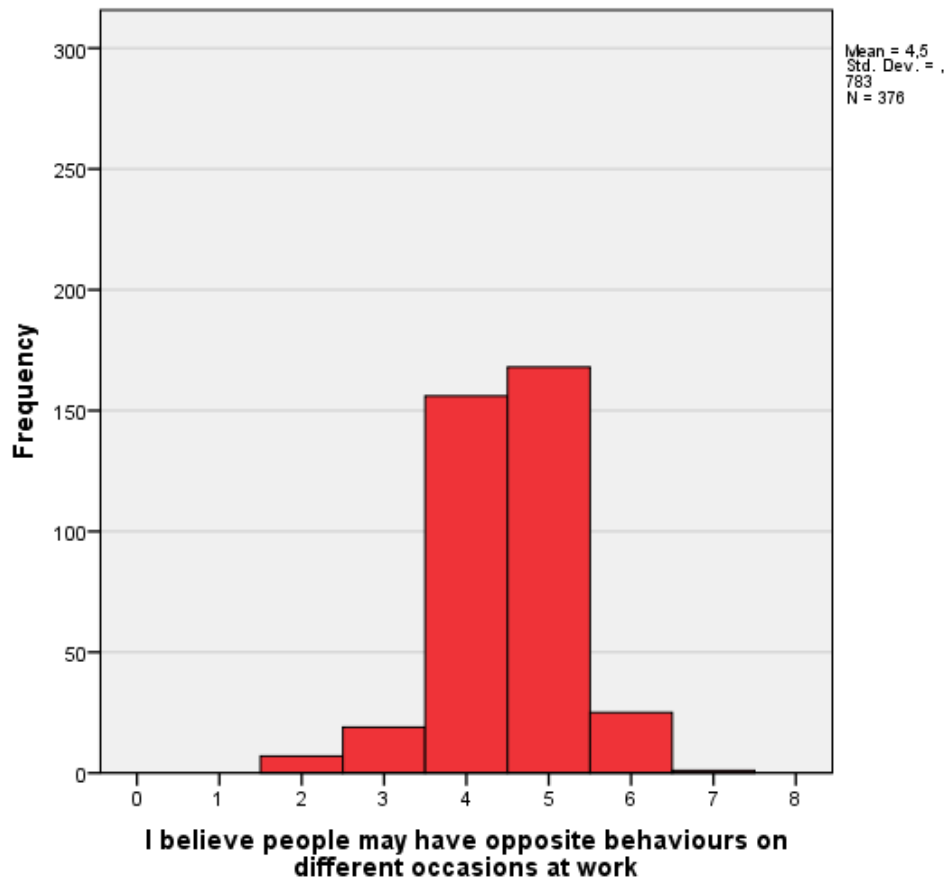


Table 7.6: Response Frequencies SACOMPLEX3

Response	Frequency	Percent	Valid Percent	Cumulative Percent
2 Disagree	7	1.9	1.9	1.9
3 Disagree slightly	19	5.1	5.1	6.9
4 Neutral	156	41.5	41.5	48.4
5 Agree slightly	168	44.7	44.7	93.1
6 Agree	25	6.6	6.6	99.7
7 Strongly agree	1	.3	.3	100.0
Total	376	100.0	100.0	

Figure 44: SAAPPLIC1 Response Frequencies

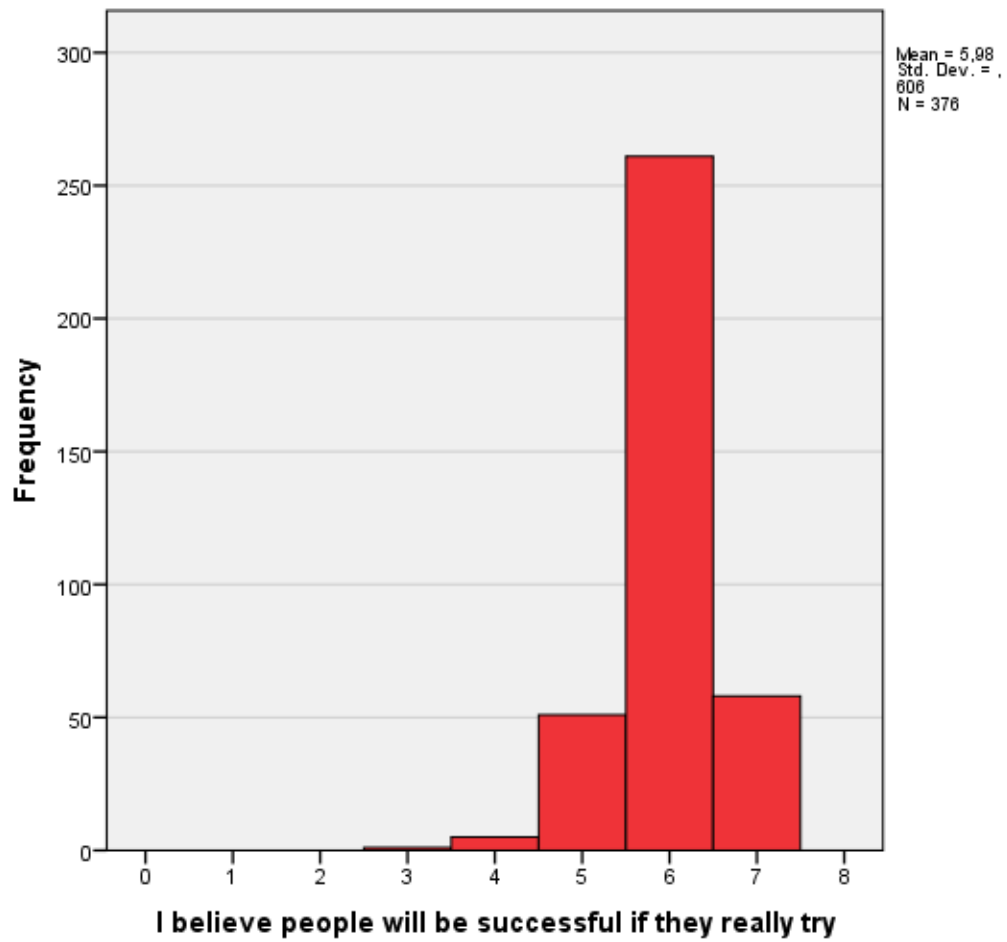


Table 7.7: Response Frequencies SAAPPLIC1

Response	Frequency	Percent	Valid Percent	Cumulative Percent
3 Disagree slightly	1	.3	.3	.3
4 Neutral	5	1.3	1.3	1.6
5 Agree slightly	51	13.6	13.6	15.2
6 Agree	261	69.4	69.4	84.6
7 Strongly agree	58	15.4	15.4	100.0
Total	376	100.0	100.0	

Figure 45: SAAPPLIC2 Response Frequencies

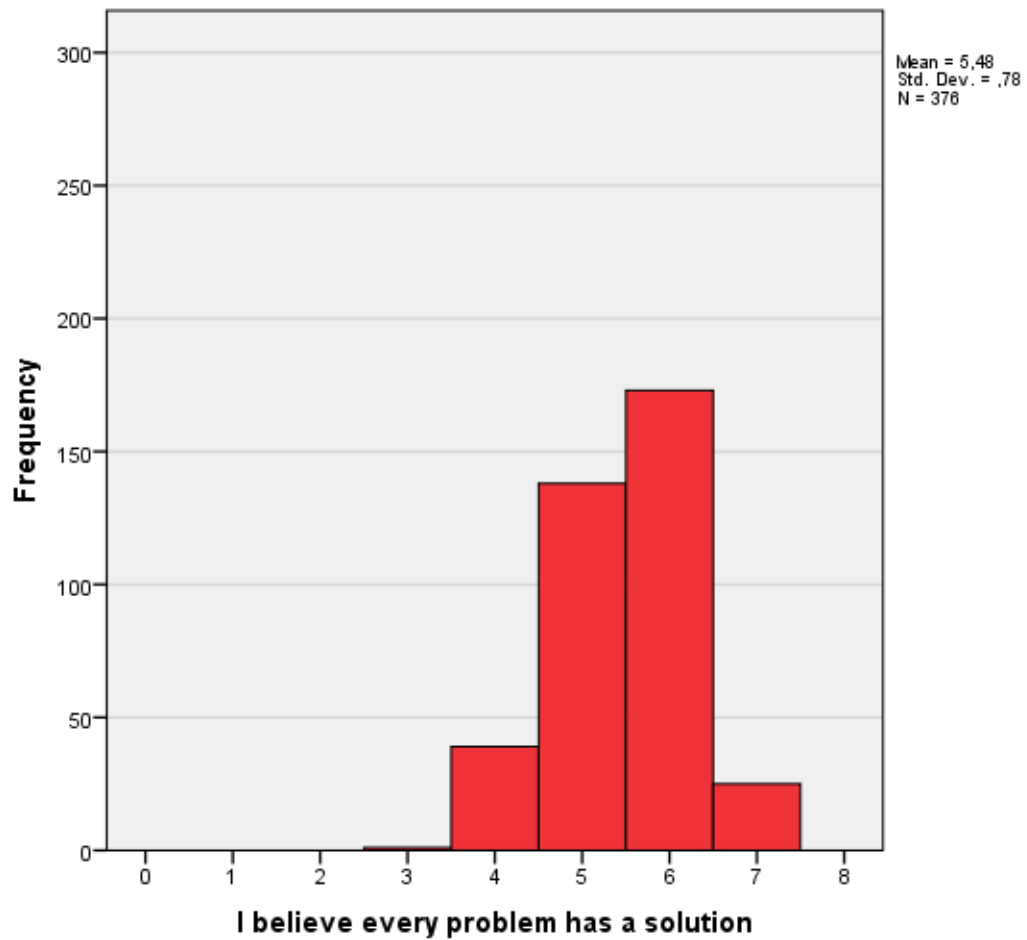


Table 7.8: Response Frequencies SAAPPLIC2

Response	Frequency	Percent	Valid Percent	Cumulative Percent
3 Disagree slightly	1	.3	.3	.3
4 Neutral	39	10.4	10.4	10.6
5 Agree slightly	138	36.7	36.7	47.3
6 Agree	173	46.0	46.0	93.4
7 Strongly agree	25	6.6	6.6	100.0
Total	376	100.0	100.0	

Figure 46: SAAPPLIC3 Response Frequencies

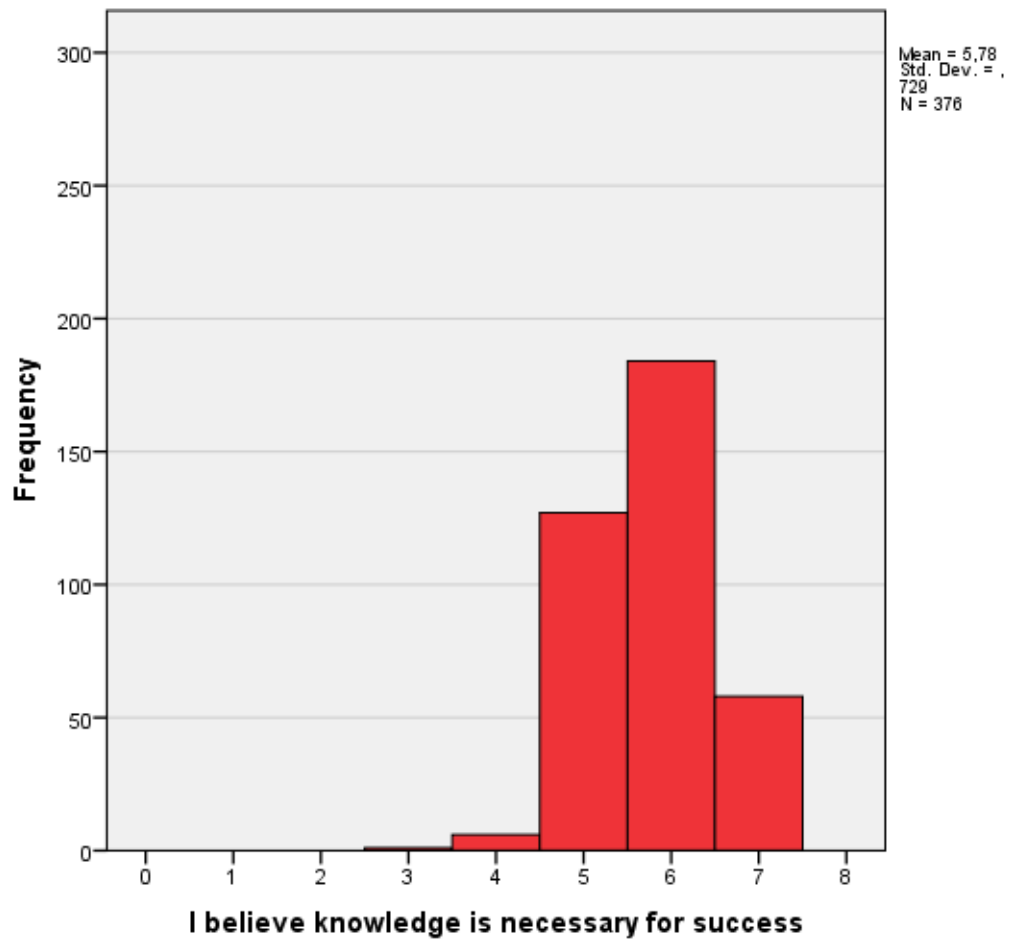


Table 7.9: Response Frequencies SAAPPLIC3

Response	Frequency	Percent	Valid Percent	Cumulative Percent
3 Disagree slightly	1	.3	.3	.3
4 Neutral	6	1.6	1.6	1.9
5 Agree slightly	127	33.8	33.8	35.6
6 Agree	184	48.9	48.9	84.6
7 Strongly agree	58	15.4	15.4	100.0
Total	376	100.0	100.0	

Table 7.10: Summary of Estimated Means for Social Axioms (N=99)

	SACYN1	SACYN2	SACYN3	SACOM1	SACOM2	SACOM3	SAAP1	SAAP2	SAAP3
All Values	5.24	4.63	3.43	4.72	4.69	4.52	5.85	5.27	5.64
EM	5.24	4.63	3.43	4.72	4.69	4.52	5.85	5.27	5.64

Table 7.11: Summary of Estimated Standard Deviations for Social Axioms (N=99)

	SACYN1	SACYN2	SACYN3	SACOM1	SACOM2	SACOM3	SAAP1	SAAP2	SAAP3
All Values	.927	.803	1.080	.640	.723	.825	.734	.767	.762
EM	.927	.803	1.080	.640	.723	.825	.734	.767	.762

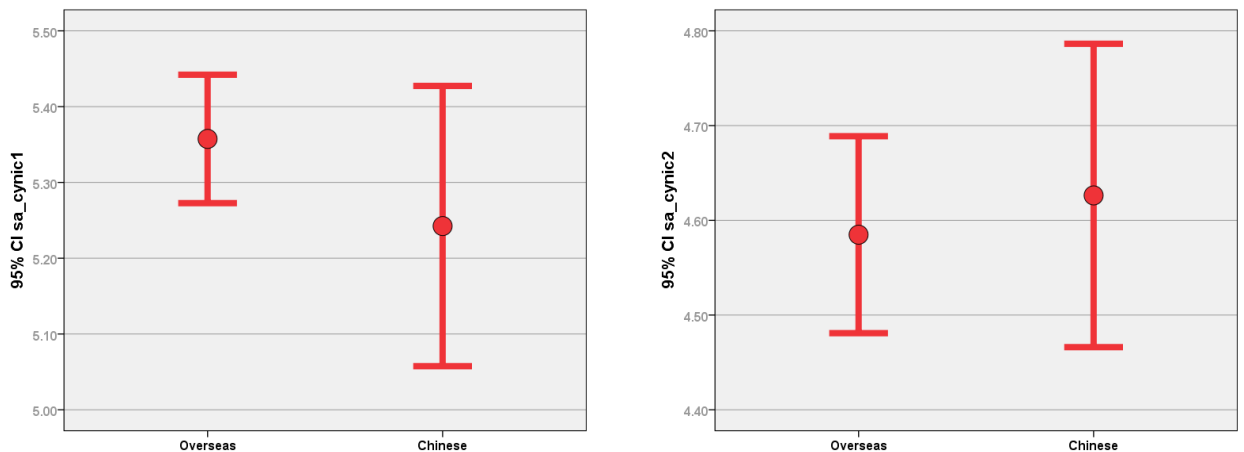
Table 7.12: Summary of Estimated Means for Social Axioms (N=277)

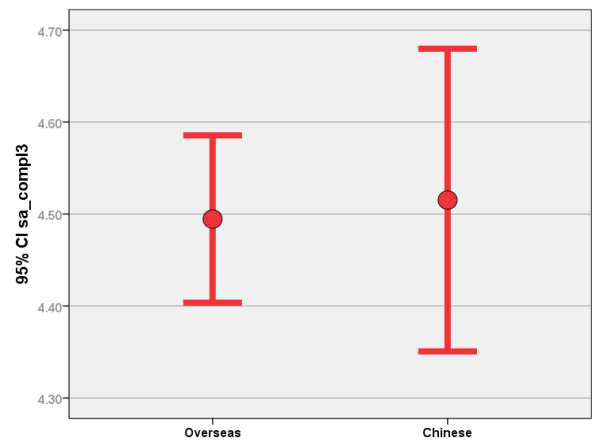
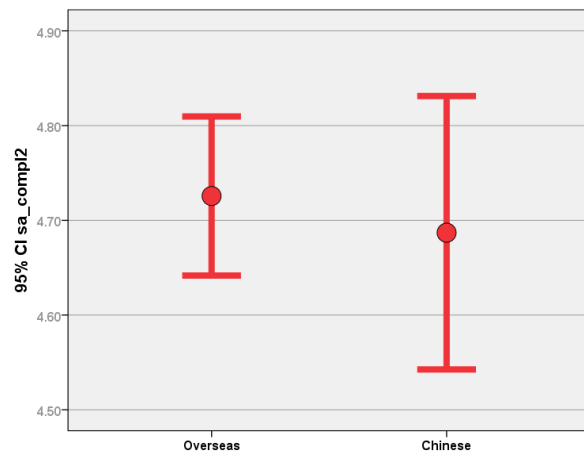
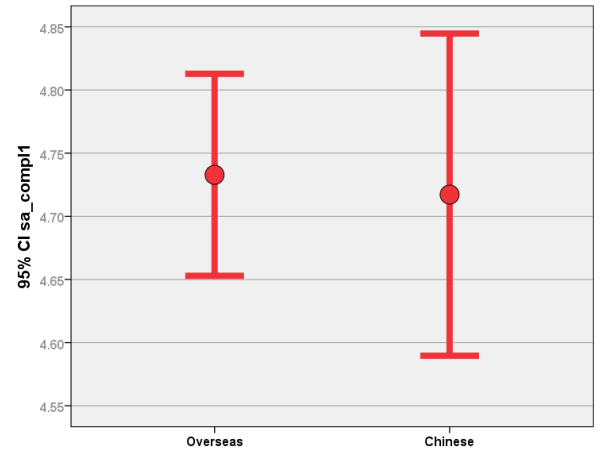
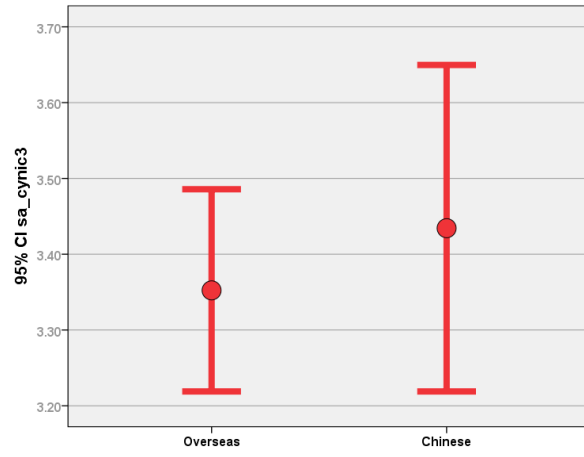
	SACYN1	SACYN2	SACYN3	SACOM1	SACOM2	SACOM3	SAAP1	SAAP2	SAAP3
All Values	5.36	4.58	3.35	4.73	4.73	4.49	6.03	5.56	5.83
EM	5.36	4.58	3.35	4.73	4.73	4.49	6.03	5.56	5.83

Table 7.13: Summary of Estimated Standard Deviations for Social Axioms (N=277)

	SACYN1	SACYN2	SACYN3	SACOM1	SACOM2	SACOM3	SAAP1	SAAP2	SAAP3
All Values	.716	.879	1.130	.676	.710	.769	.547	.771	.711
EM	.716	.879	1.128	.676	.710	.769	.547	.771	.711

Figure 47: 'Chinese' vs. 'Overseas' Confidence Interval Plots - Social Axioms





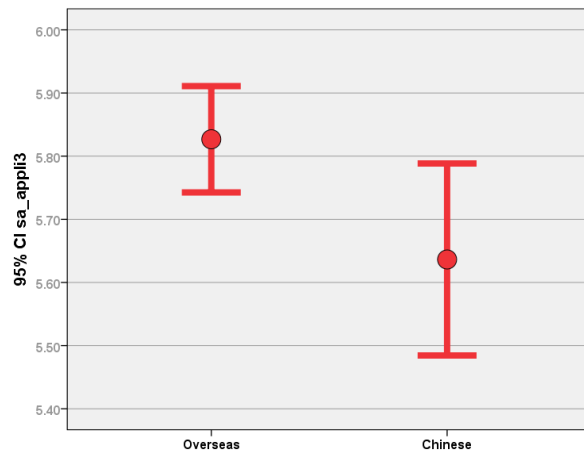
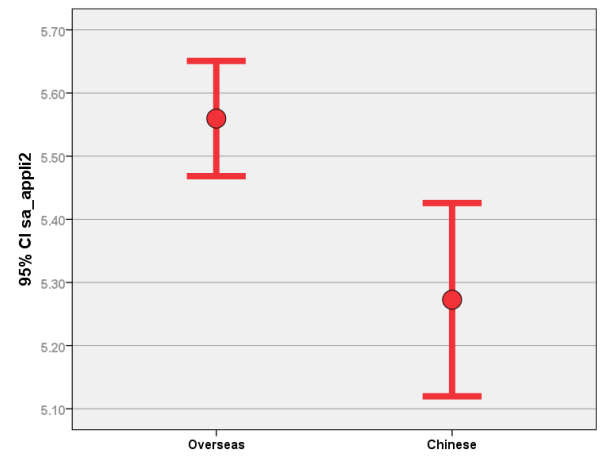
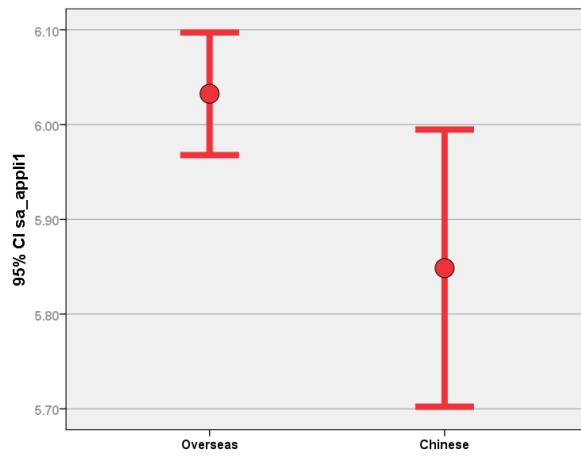


Table 7.14: 'Chinese' vs. 'Overseas' Test Statistics - Social Axioms

Statement	Mann-Whitney U	Wilcoxon W	Z	Asymp. Sig. (2-Tailed)
SACYNIC1	13332.000	18282.000	-.454	.650
SACYNIC2	13264.000	51797.000	-.538	.591
SACYNIC3	13128.500	51631.500	-.649	.516
SACOMPLEX1	13690.500	52193.500	-.026	.979
SACOMPLEX2	13500.000	18450.000	-.261	.794
SACOMPLEX3	13041.000	51544.000	-.789	.430
SAAPPLIC1	12036.000	16986.000	-2.223	.026
SAAPPLIC2	11116.500	16066.500	-3.029	.002
SAAPPLIC3	11783.000	16733.000	-2.266	.023

4.7.2 Social Axioms Hypotheses Results

Table 7.15: Results of Social Axioms Hypotheses

Variable	Hypotheses	Accept?	CI %
SACYNIC1	H ₃₂	No	
SACYNIC2	H ₃₃	No	
SACYNIC3	H ₃₄	No	
SACOMPLEX1	H ₃₅	No	
SACOMPLEX2	H ₃₆	No	
SACOMPLEX3	H ₃₇	Yes	95%
SAAPPLIC1	H ₃₈	Yes	95%
SAAPPLIC2	H ₃₉	Yes	99%
SAAPPLIC3	H ₄₀	Yes	95%

4.8 Negotiation Descriptive Statistics

Table 8: Descriptive Statistics - Negotiation

Statement	N	Minimum	Maximum
NEGCONTROL1 I would argue strongly for my point of view	376	2	7
NEGCONTROL2 I would stand firm in my views in a conflict situation	376	1	6
NEGCONTROL3 I would assert my opinions strongly	376	2	6
NEGSOL1 I would offer creative solutions in discussions about disagreements	376	2	7
NEGSOL2 I would suggest a solution that combines both sides viewpoints	376	3	7
NEGSOL3 I would compromise with the other side	376	3	7
NEGNONCON1 I would ignore disagreements when they arise	376	2	7

NEGNONCON2 I would avoid topics that can be the source of disputes	376	2	7
NEGNONCON3 I would keep quiet about my views in order to avoid disagreements	376	1	6

Figure 48: NEGCONTROL1 Response Frequencies

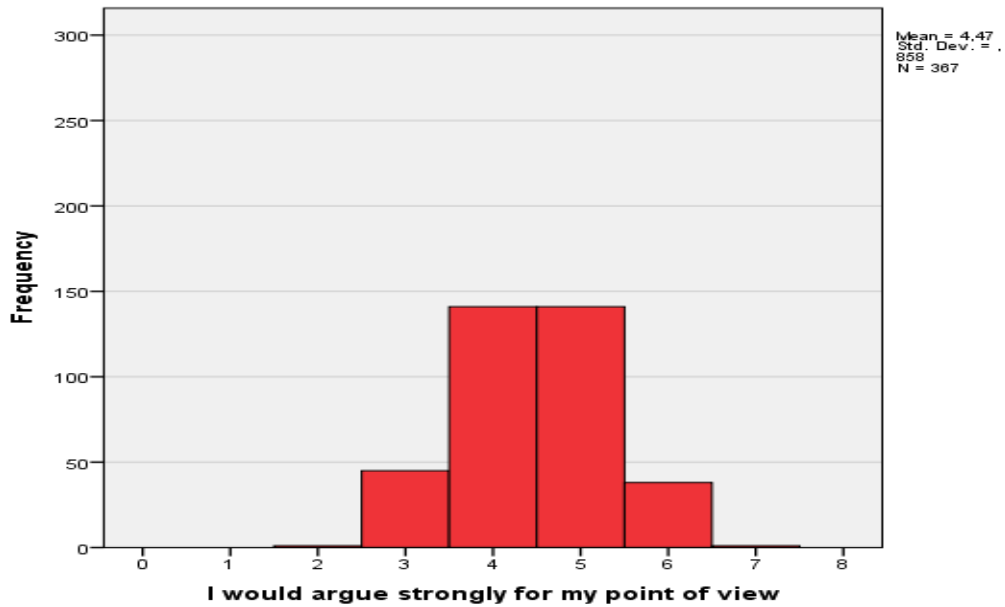


Table 8.1: Response Frequencies NEGCONTROL1 (MVA)

Response	Frequency	Percent	Valid Percent	Cumulative Percent
2.00 Disagree	1	.3	.3	.3
3.00 Disagree slightly	45	12.0	12.0	12.2
3.37	1	.3	.3	12.5
3.52	1	.3	.3	12.8
4.00 Neutral	141	37.5	37.5	50.3
4.15	1	.3	.3	50.5
4.16	1	.3	.3	50.8
4.19	1	.3	.3	51.1
4.92	1	.3	.3	51.3
5.00 Agree slightly	141	37.5	37.5	88.8
5.21	1	.3	.3	89.1
5.26	1	.3	.3	89.4
5.41	1	.3	.3	89.6
6.00 Agree	38	10.1	10.1	99.7
7.00 Strongly agree	1	.3	.3	100.0
Total	376	100.0	100.0	

Figure 49: NEGCONTROL2 Response Frequencies

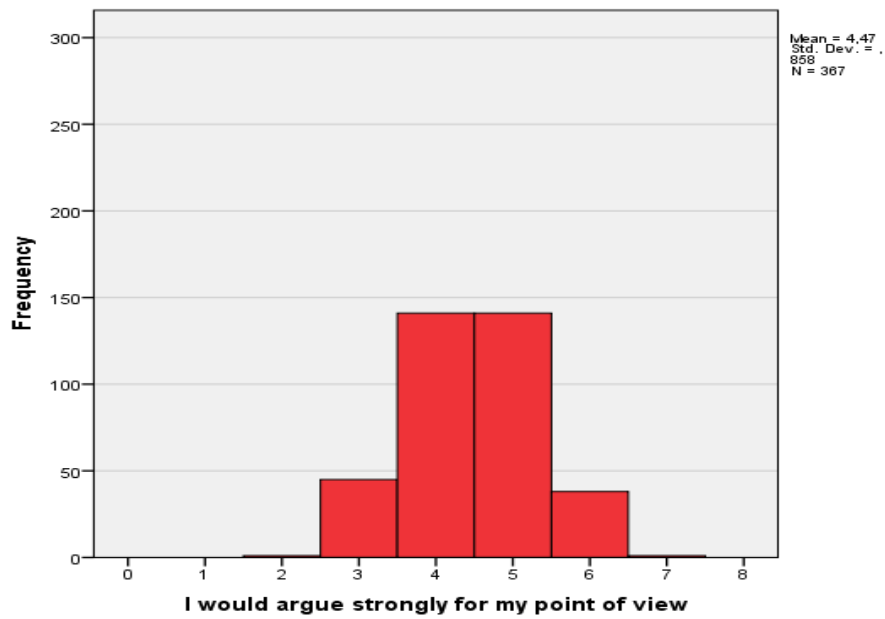


Table 8.2: Response Frequencies NEGCONTROL2

Response	Frequency	Percent	Valid Percent	Cumulative Percent
1 Strongly disagree	1	.3	.3	.3
2 Disagree	6	1.6	1.6	1.9
3 Disagree slightly	102	27.1	27.1	29.0
4 Neutral	171	45.5	45.5	74.5
5 Agree slightly	77	20.5	20.5	94.9
6 Agree	19	5.1	5.1	100.0
Total	376	100.0	100.0	

Figure 50: NEGCONTROL3 Response Frequencies

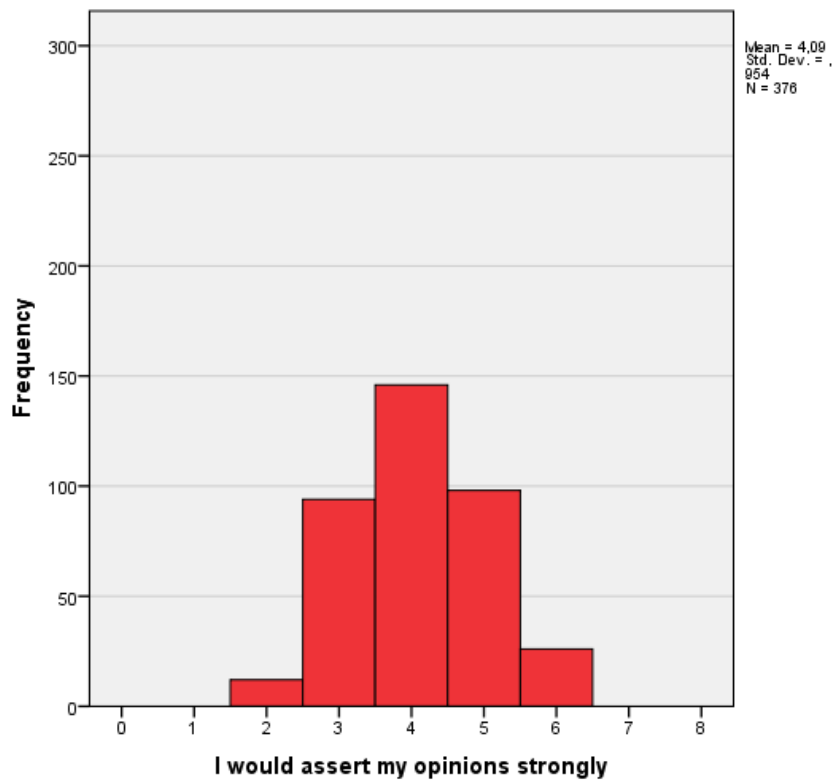


Table 8.3: Response Frequencies NEGCONTROL3

Response	Frequency	Percent	Valid Percent	Cumulative Percent
2 Disagree	12	3.2	3.2	3.2
3 Disagree slightly	94	25.0	25.0	28.2
4 Neutral	146	38.8	38.8	67.0
5 Agree slightly	98	26.1	26.1	93.1
6 Agree	26	6.9	6.9	100.0
Total	376	100.0	100.0	

Figure 51: NEGSOL1 Response Frequencies

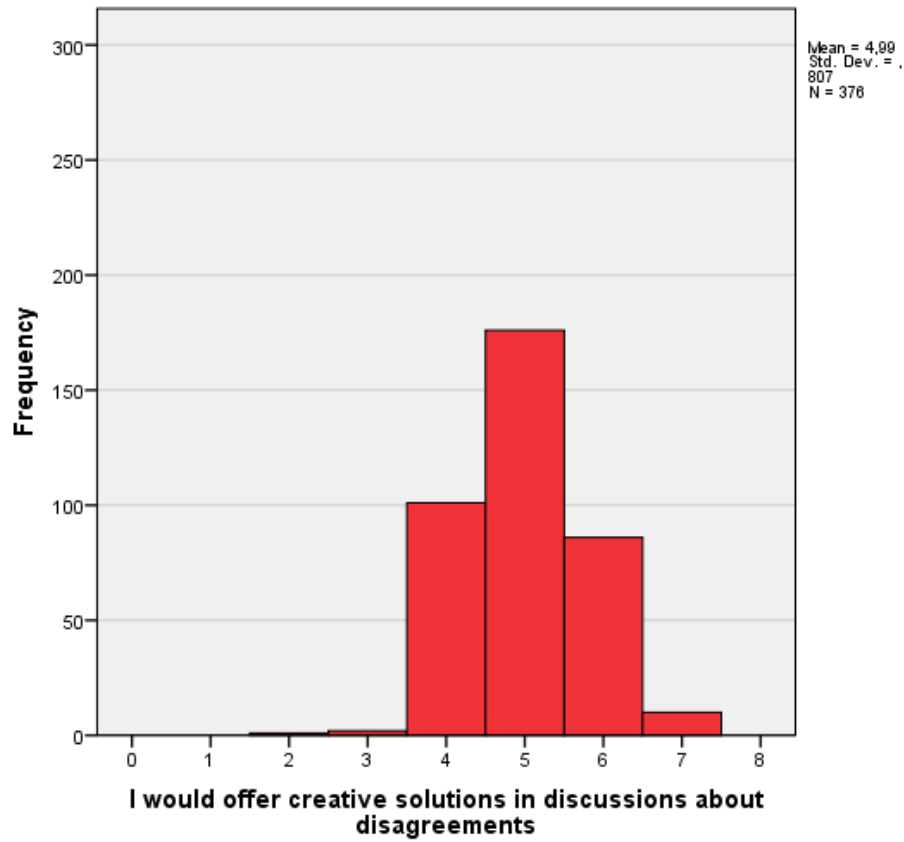


Table 8.4: Response Frequencies NEGSOL1

Response	Frequency	Percent	Valid Percent	Cumulative Percent
2 Disagree	1	.3	.3	.3
3 Disagree slightly	2	.5	.5	.8
4 Neutral	101	26.9	26.9	27.7
5 Agree slightly	176	46.8	46.8	74.5
6 Agree	86	22.9	22.9	97.3
7 Strongly agree	10	2.7	2.7	100.0
Total	376	100.0	100.0	

Figure 52: NEGSOL2 Response Frequencies

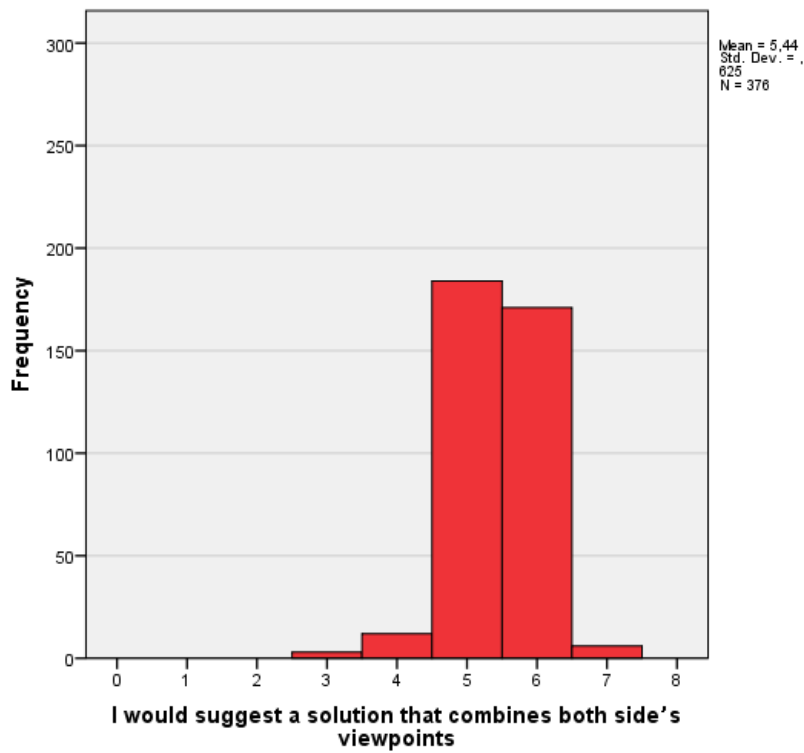


Table 8.5: Response Frequencies NEGSOL2

Response	Frequency	Percent	Valid Percent	Cumulative Percent
3 Disagree slightly	3	.8	.8	.8
4 Neutral	12	3.2	3.2	4.0
5 Agree slightly	184	48.9	48.9	52.9
6 Agree	171	45.5	45.5	98.4
7 Strongly agree	6	1.6	1.6	100.0
Total	376	100.0	100.0	

Figure 53: NEGSOL3 Response Frequencies

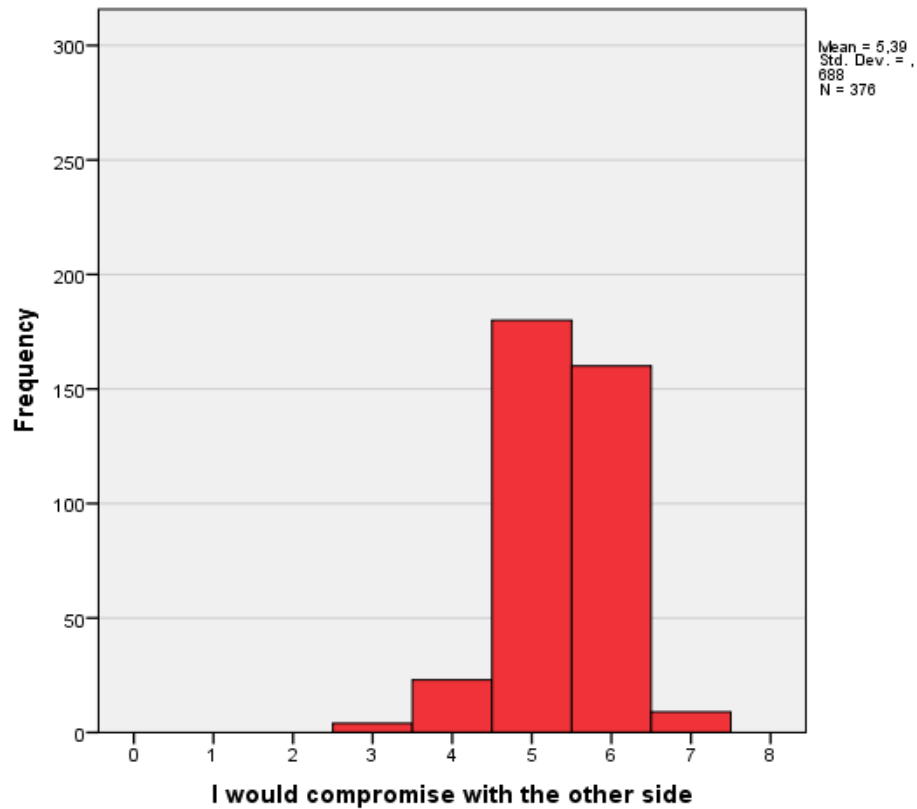


Table 8.6: Response Frequencies NEGSOL3

Response	Frequency	Percent	Valid Percent	Cumulative Percent
3 Disagree slightly	4	1.1	1.1	1.1
4 Neutral	23	6.1	6.1	7.2
5 Agree slightly	180	47.9	47.9	55.1
6 Agree	160	42.6	42.6	97.6
7 Strongly agree	9	2.4	2.4	100.0
Total	376	100.0	100.0	

Figure 54: NEGNONCON1 Response Frequencies

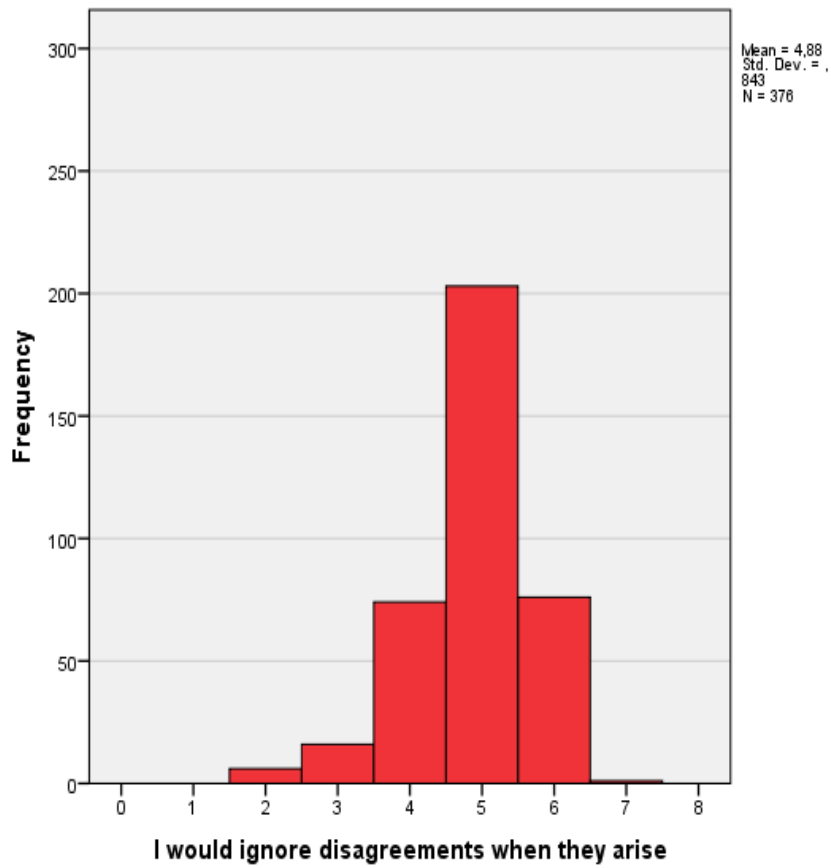


Table 8.7: Response Frequencies NEGNONCON1

Response	Frequency	Percent	Valid Percent	Cumulative Percent
2 Disagree	6	1.6	1.6	1.6
3 Disagree slightly	16	4.3	4.3	5.9
4 Neutral	74	19.7	19.7	25.5
5 Agree slightly	203	54.0	54.0	79.5
6 Agree	76	20.2	20.2	99.7
7 Strongly agree	1	.3	.3	100.0
Total	376	100.0	100.0	

Figure 55: NEGNONCON2 Response Frequencies

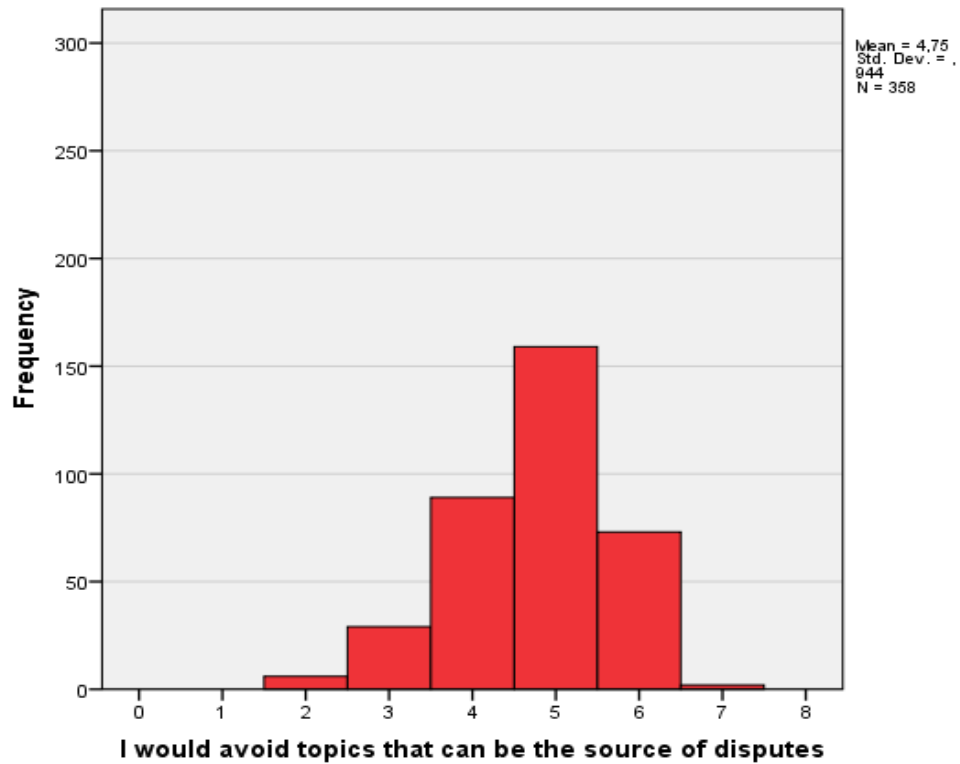


Table 8.8: Response Frequencies NEGNONCON2 (MVA)

Response	Frequency	Percent	Valid Percent	Cumulative Percent
2.00 Disagree	6	1.6	1.6	1.6
3.00 Disagree slightly	29	7.7	7.7	9.3
3.31	1	.3	.3	9.6
3.98	1	.3	.3	9.8
4.00 Neutral	89	23.7	23.7	33.5
4.22	1	.3	.3	33.8
4.23	1	.3	.3	34.0
4.30	1	.3	.3	34.3
4.45	1	.3	.3	34.6
4.59	1	.3	.3	34.8
4.65	1	.3	.3	35.1
4.82	1	.3	.3	35.4
4.82	1	.3	.3	35.6
5.00 Agree slightly	159	42.3	42.3	77.9
5.01	1	.3	.3	78.2
5.05	1	.3	.3	78.5

5.06	1	.3	.3	78.7
5.12	1	.3	.3	79.0
5.18	1	.3	.3	79.3
5.19	1	.3	.3	79.5
5.77	1	.3	.3	79.8
6.00 Agree	73	19.4	19.4	99.2
6.31	1	.3	.3	99.5
7.00 Strongly agree	2	.5	.5	100.0
Total	376	100.0	100.0	

Figure 56: NEGNONCON3 Response Frequencies

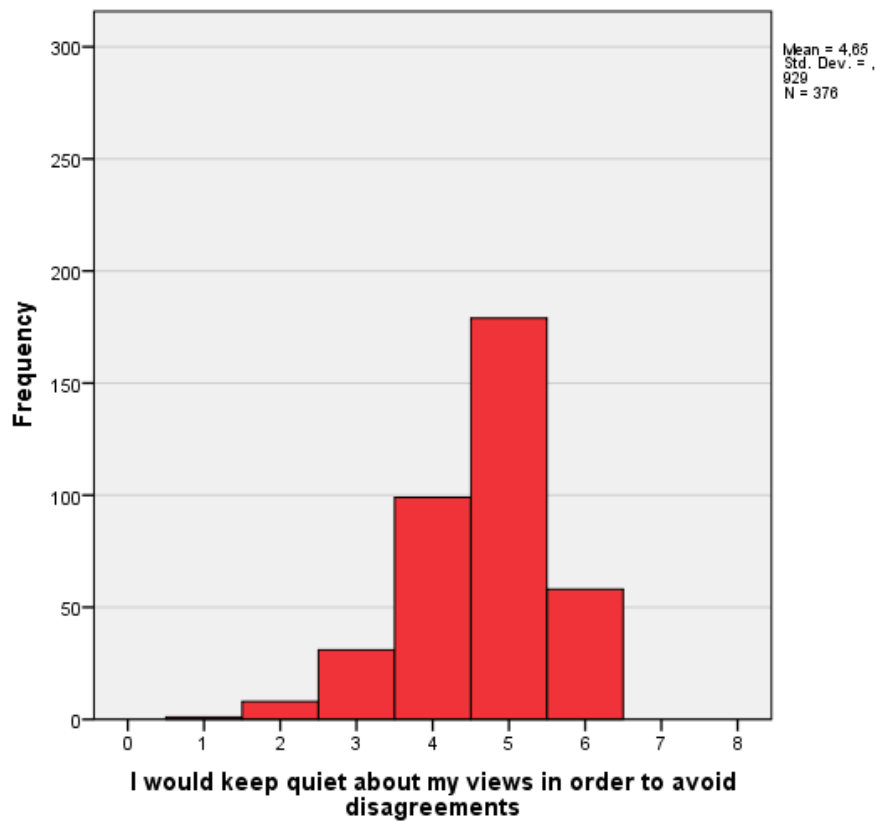


Table 8.9: Response Frequencies NEGNONCON3

Response	Frequency	Percent	Valid Percent	Cumulative Percent
1 Strongly disagree	1	.3	.3	.3
2 Disagree	8	2.1	2.1	2.4
3 Disagree slightly	31	8.2	8.2	10.6
4 Neutral	99	26.3	26.3	37.0

5 Agree slightly	179	47.6	47.6	84.6
6 Agree	58	15.4	15.4	100.0
Total	376	100.0	100.0	

Table 8.10: Summary of Estimated Means for Negotiation (N=99)

	NCONT 1	NCONT 2	NCONT 3	NSOL 1	NSOL 2	NSOL 3	NNONC 1	NNONC 2	NNONC 3
All Value s	4.22	3.76	3.87	4.89	5.46	5.44	4.89	4.81	4.76
EM	4.23	3.76	3.87	4.89	5.46	5.44	4.89	4.80	4.76

Table 8.11: Summary of Estimated Standard Deviations for Negotiation (N=99)

	NCONT 1	NCONT 2	NCONT 3	NSOL 1	NSOL 2	NSOL 3	NNONC 1	NNONC 2	NNONC 3
All Value s	.740	.784	.922	.844	.559	.575	.683	.907	.809
EM	.744	.784	.922	.844	.559	.575	.683	.890	.809

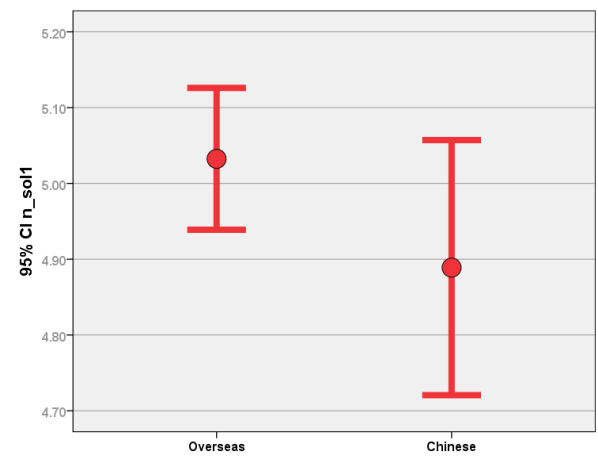
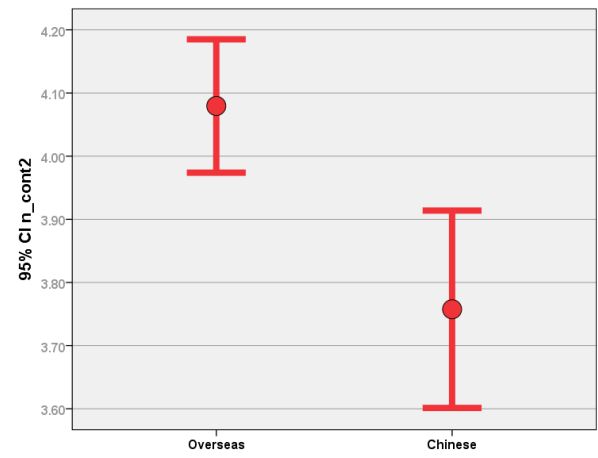
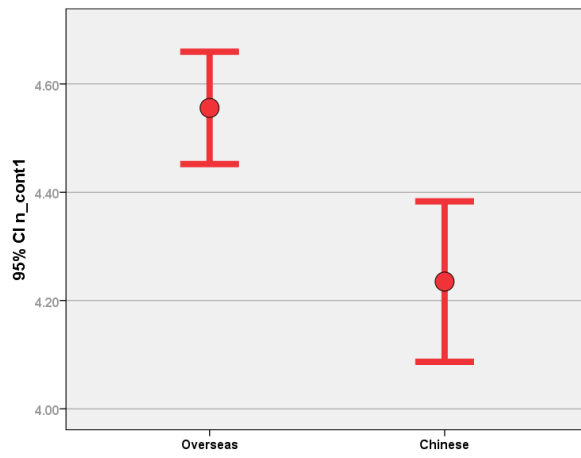
Table 8.12: Summary of Estimated Means for Negotiation (N=277)

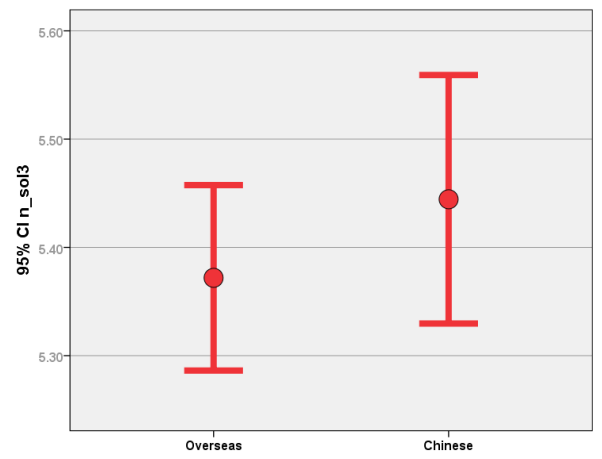
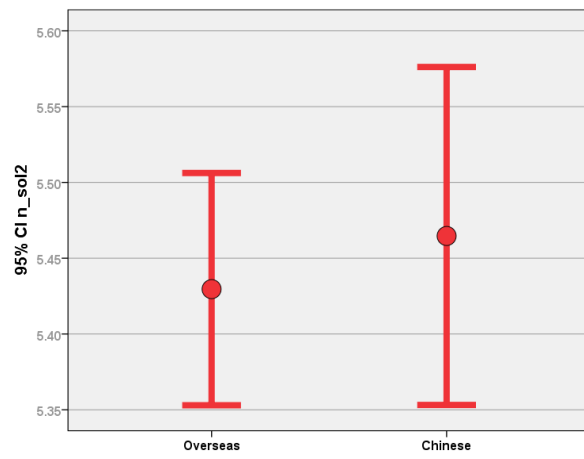
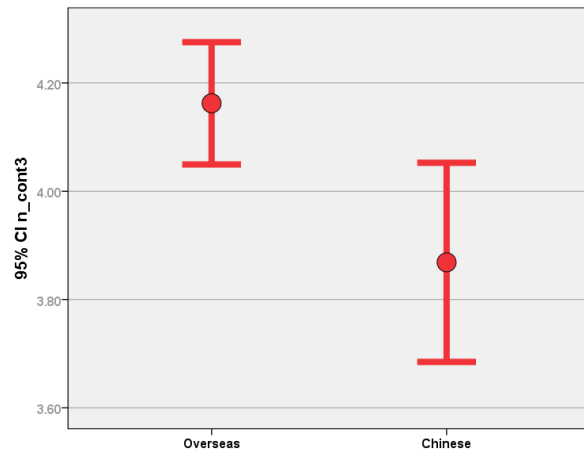
	NCONT 1	NCONT 2	NCONT 3	NSOL 1	NSOL 2	NSOL 3	NNONC 1	NNONC 2	NNONC 3
All Value s	4.56	4.08	4.16	5.03	5.43	5.37	4.87	4.73	4.61
EM	4.56	4.08	4.16	5.03	5.43	5.37	4.87	4.74	4.61

Table 8.13: Summary of Estimated Standard Deviations for Negotiation (N=277)

	NCONT 1	NCONT 2	NCONT 3	NSOL 1	NSOL 2	NSOL 3	NNONC 1	NNONC 2	NNONC 3
All Value s	.881	.893	.955	.791	.648	.724	.894	.958	.966
EM	.881	.893	.955	.791	.648	.724	.894	.955	.966

Figure 57: 'Chinese' vs. 'Overseas' Confidence Interval Plots - Negotiation





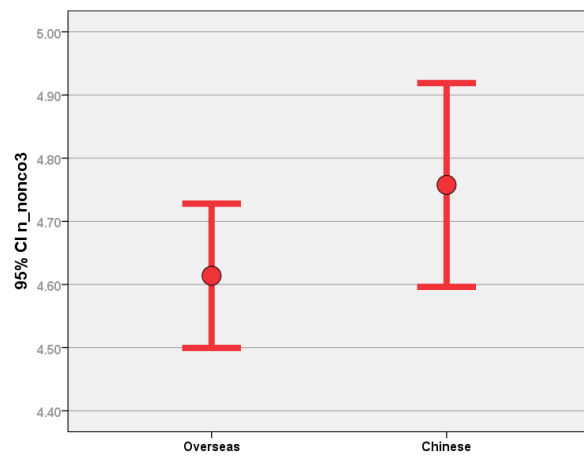
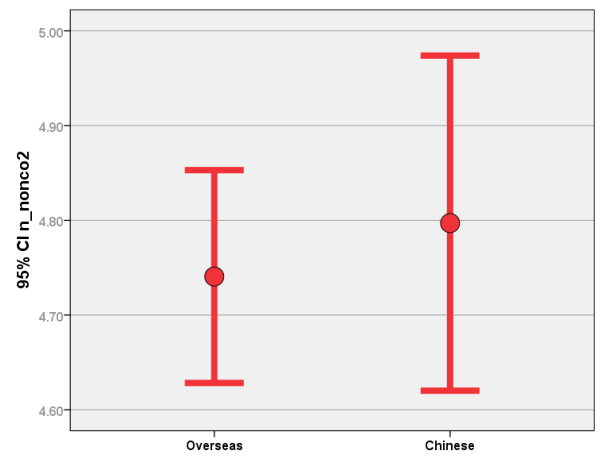
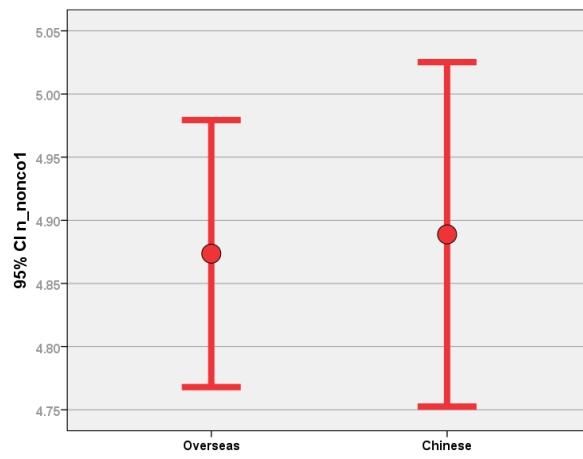


Table 8.14: 'Chinese' vs. 'Overseas' Test Statistics - Negotiation

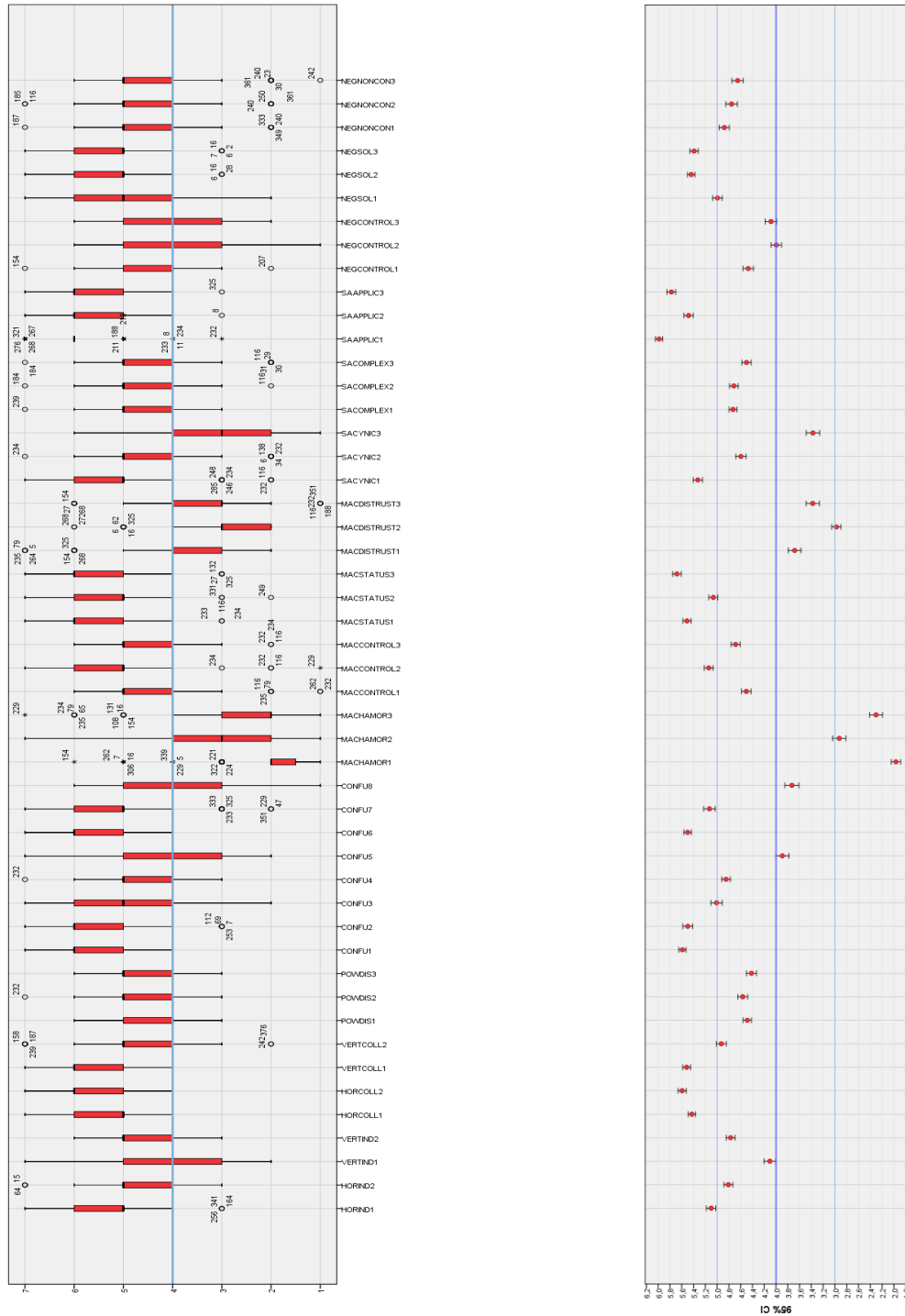
Statement	Mann-Whitney U	Wilcoxon W	Z	Asymp. Sig. (2-Tailed)
NEGCONTROL1	10933.000	15883.000	-3.170	.002
NEGCONTROL2	11196.000	16146.000	-2.893	.004
NEGCONTROL3	11471.500	16421.500	-2.533	.011
NEGSOL1	12624.500	17574.500	-1.258	.208
NEGSOL2	13664.000	52167.000	-.058	.954
NEGSOL3	13294.500	51797.500	-.498	.618
NEGNONCON1	13229.500	18179.500	-.571	.568
NEGNONCON2	13624.000	18574.000	-.099	.921
NEGNONCON3	12942.500	51445.500	-.888	.374

4.7.3 Negotiation Hypotheses Results

Table 8.15: Results of Negotiation Hypotheses

Variable	Hypotheses	Accept?	CI %
NEGCONTROL1	H ₄₁	Yes	99%
NEGCONTROL2	H ₄₂	Yes	99%
NEGCONTROL3	H ₄₃	Yes	95%
NEGSOL1	H ₄₄	No	
NEGSOL2	H ₄₅	No	
NEGSOL3	H ₄₆	No	
NEGNONCON1	H ₄₇	No	
NEGNONCON2	H ₄₈	No	
NEGNONCON3	H ₄₉	No	

Figure 58: Overall Variables Compared



4.9 Reliability Data - Values Variables

4.9.1 Individualism Reliability - All Variables

*Table 9.1: Case Processing Summary
- Individualism*

		N	%
Cases	Valid	376	100.0
	Excluded ^a	0	.0
	Total	376	100.0

a. Listwise deletion based on all variables in the procedure.

*Table 9.1.1: Reliability
Statistics - Individualism*

Cronbach's Alpha	N of Items
.810	4

Table 9.1.2: Item - Total Statistics - Individualism

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
HORIND1 My personal identity is very important to me	13.7032	4.352	.539	.801
HORIND2 I would rather depend on myself than others	13.9957	4.083	.697	.731
VERIND1 Competition is the law of nature	14.6809	3.482	.665	.748
VERIND2 It is very important that I do my job better than others	14.0330	4.245	.631	.761

4.9.2 Collectivism Reliability - All Variables

Table 9.2: Case Processing Summary - Collectivism

		N	%
Cases	Valid	376	100.0
	Excluded ^a	0	.0
	Total	376	100.0

a. Listwise deletion based on all variables in the procedure.

Table 9.2.1: Reliability Statistics - Collectivism

Cronbach's Alpha	N of Items
.793	4

Table 9.2.2: Item - Total Statistics - Collectivism

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
HORCOLL1 I feel good when I cooperate with others	16.0372	3.124	.615	.740
HORCOLL2 The well-being of my colleagues is important to me	15.8723	2.800	.677	.704
VERCOLL1 It is important to me that I respect the decisions made by my managers and colleagues	15.9495	2.885	.682	.704
VERCOLL2 I hate to disagree with my managers and colleagues	16.5372	2.799	.484	.819

4.9.3 Power Distance Reliability - All Variables

Table 9.3: Case Processing - Summary - Power Distance

		N	%
Cases	Valid	376	100.0
	Excluded ^a	0	.0
	Total	376	100.0

a. Listwise deletion based on all variables in the procedure.

Table 9.3.1: Reliability Statistics - Power Distance

Cronbach's Alpha	N of Items
.817	3

Table 9.3.2: Item - Total Statistics - Power Distance

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
POWDIS1 I think managers should make most decisions without consulting subordinates	8.9902	2.400	.514	.889
POWDIS2 I think managers should not delegate important tasks to subordinates	8.9076	1.626	.783	.623
POWDIS3 I think managers should seldom ask for the opinions of subordinates	9.0574	1.694	.742	.671

Table 9.4 Values - Correlations

		Individualism	Collectivism	Power distance
Individualism	Pearson Correlation	1	-.112	.089
	Sig. (2-tailed)		.030	.086
	N	376	376	376
Collectivism	Pearson Correlation	-.112	1	.169
	Sig. (2-tailed)	.030		.001
	N	376	376	376
Power distance	Pearson Correlation	.089	.169	1
	Sig. (2-tailed)	.086	.001	
	N	376	376	376

4.9.4 Factor Analysis - Values Variables

Table 9.5: Values Variables - Communalities

Variable	Initial	Extraction
HORIND1 My personal identity is very important to me	1.000	.528
HORIND2 I would rather depend on myself than others	1.000	.713
VERIND1 Competition is the law of nature	1.000	.696
VERIND2 It is very important that I do my job better than others	1.000	.661
HORCOLL1 I feel good when I co-operate with others	1.000	.692
HORCOLL2 The well-being of my colleagues is important to me	1.000	.795
VERCOLL1 It is important to me that I respect the decisions made by my managers and colleagues	1.000	.691
VERCOLL2 I hate to disagree with my managers and colleagues	1.000	.603
POWDIS1 I think managers should make most decisions without consulting subordinates	1.000	.541

POWDIS2 I think managers should not delegate important tasks to subordinates	1.000	.832
POWDIS3 I think managers should seldom ask for the opinions of subordinates	1.000	.793

Extraction Method: Principal Component Analysis.

Table 9.6: Total Variance Explained - Values Variables

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings	
	Total	% of Variance	Cumulative %	Total	% of Variance
1	2.835	25.772	25.772	2.835	25.772
2	2.684	24.401	50.173	2.684	24.401
3	2.024	18.402	68.575	2.024	18.402
4	.658	5.981	74.556		
5	.643	5.843	80.399		
6	.556	5.056	85.455		
7	.428	3.890	89.345		
8	.393	3.570	92.915		
9	.367	3.334	96.249		
10	.226	2.054	98.303		
11	.187	1.697	100.000		

Table 9.6.1: Total Variance Explained - Values Variables

Component	Extraction Sums of Squared Loadings	Rotation Sums of Squared Loadings		
	Cumulative %	Total	% of Variance	Cumulative %
1	25.772	2.624	23.856	23.856
2	50.173	2.525	22.951	46.807
3	68.575	2.394	21.768	68.575
4				
5				
6				
7				
8				
9				
10				
11				

Extraction Method: Principal Component Analysis.

Figure 59: Scree Plot - Values Variables

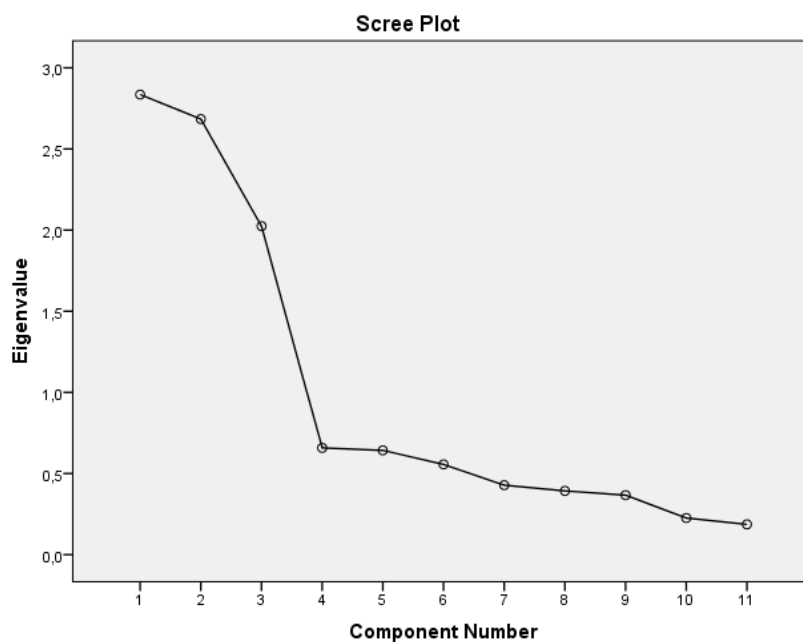


Table 9.7: Component Matrix^a - Values Variables

	Component		
	1	2	3
VERCOLL2 I hate to disagree with my managers and colleagues	.751		
VERCOLL1 It is important to me that I respect the decisions made by my managers and colleagues	.685		
HORCOLL2 The well-being of my colleagues is important to me	.641		.614
HORCOLL1 I feel good when I co-operate with others	.615		.535
VERIND2 It is very important that I do my job better than others		.713	
HORIND2 I would rather depend on myself than others		.685	
POWDIS2 I think managers should not delegate important tasks to subordinates		.612	-.603
HORIND1 My personal identity is very important to me		.572	
VERIND1 Competition is the law of nature	-.537	.572	
POWDIS1 I think managers should make most decisions without consulting subordinates		.520	
POWDIS3 I think managers should seldom ask for the opinions of subordinates		.529	-.620

Extraction Method: Principal Component Analysis.^a

a. 3 components extracted.

Table 9.7.1: Rotated Component Matrix^a – Values Variables

	Component		
	1	2	3
HORIND2 I would rather depend on myself than others	.843		
VERIND1 Competition is the law of nature	.821		
VERIND2 It is very important that I do my job better than others	.800		
HORIND1 My personal identity is very important to me	.726		
HORCOLL2 The well-being of my colleagues is important to me		.884	
HORCOLL1 I feel good when I cooperate with others		.831	
VERCOLL1 It is important to me that I respect the decisions made by my managers and colleagues		.820	
VERCOLL2 I hate to disagree with my managers and colleagues		.592	
POWDIS2 I think managers should not delegate important tasks to subordinates			.908
POWDIS3 I think managers should seldom ask for the opinions of subordinates			.890
POWDIS1 I think managers should make most decisions without consulting subordinates			.723

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.^a

a. Rotation converged in 5 iterations.

Table 9.7.2: Component Transformation Matrix - Values Variables

Component	1	2	3
1	-.500	.767	.403
2	.776	.190	.601
3	.384	.613	-.690

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser

Normalization.

4.10 Reliability Data - Confucian Variables

4.10.1 Confucian Future - Orientation - All Variables

Table 9.8: Case Processing - Summary - Confucian Future-Orientation (CFO)

		N	%
Cases	Valid	376	100.0
	Excluded ^a	0	0
	Total	376	100.0

a. Listwise deletion based on all variables in the procedure.

Table 9.8.1: Reliability Statistics - Confucianism - Future-Orientation

Cronbach's Alpha	N of Items
.564	4

Table 9.8.2: Item - Total Statistics Confucianism - Future-Orientation

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
CONFU1 I believe managers must be persistent to accomplish business goals and objectives	15.8522	2.170	.446	.425
CONFU2 It is important to have a conscience in business	15.9426	2.331	.128	.697
CONFU4 I think hierarchical relationships at work are important and necessary	16.5866	2.030	.385	.459
CONFU6 A good manager is more economical and less extravagant	15.9385	2.021	.522	.362

Table 9.9: Case Processing Summary - Confucian - Past- or Present - Orientation

		N	%
Cases	Valid	376	100.0
	Excluded ^a	0	.0
	Total	376	100.0

a. Listwise deletion based on all variables in the procedure.

4.10.2 Reliability Statistics - Confucian Past or Present Orientation

Table 9.9.1: Reliability Statistics - Past- or Present-Orientation

Cronbach's Alpha	N of Items
.702	4

Table 9.9.2: Item - Total Statistics - Confucian Past- or Present Orientation

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
CONFU3 Upholding one's personal image makes a difference in business goal achievement	12.7474	6.226	.452	.661
CONFU5 I think respect for tradition can facilitate performance	13.8618	4.948	.623	.546
CONFU7 Personal stability is critical to success in business	12.6253	6.655	.332	.723
CONFU8 I believe the exchange of favours and gifts is necessary to excel in business	14.0260	4.855	.561	.590

Table 9.9.3: Confucian Scale - Correlations

		PP_C
FU_C	Pearson Correlation	.234
	Sig. (2-tailed)	.000
	N	376

4.10.3 Factor Analysis - Confucianism

Table 9.10: Confucian Scale - Communalities

	Initial	Extraction
CONFU1 I believe managers must be persistent to accomplish business goals and objectives	1.000	.579
CONFU2 It is important to have a conscience in business	1.000	.618

CONFU3 Upholding one's personal image makes a difference in business goal achievement	1.000	.613
CONFU4 I think hierarchical relationships at work are important and necessary	1.000	.668
CONFU5 I think respect for tradition can facilitate performance	1.000	.847
CONFU6 A good manager is more economical and less extravagant	1.000	.667
CONFU7 Personal stability is critical to success in business	1.000	.624
CONFU8 I believe the exchange of favours and gifts is necessary to excel in business	1.000	.873

Extraction Method: Principal Component Analysis.

Table 9.11: Total Variance Explained - Confucianism

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings	
	Total	% of Variance	Cumulative %	Total	% of Variance
1	2.475	30.937	30.937	2.475	30.937
2	1.701	21.261	52.199	1.701	21.261
3	1.313	16.418	68.616	1.313	16.418
4	.659	8.232	76.848		
5	.627	7.833	84.680		
6	.556	6.950	91.631		
7	.430	5.372	97.003		
8	.240	2.997	100.000		

Table 9.11.1: Total Variance Explained - Confucianism

Component	Extraction Sums of Squared Loadings	Rotation Sums of Squared Loadings		
	Cumulative %	Total	% of Variance	Cumulative %
1	30.937	1.890	23.621	23.621
2	52.199	1.838	22.972	46.593
3	68.616	1.762	22.024	68.616
4				
5				
6				
7				
8				

Extraction Method: Principal Component Analysis.

Figure 60: Scree Plot - Confucianism

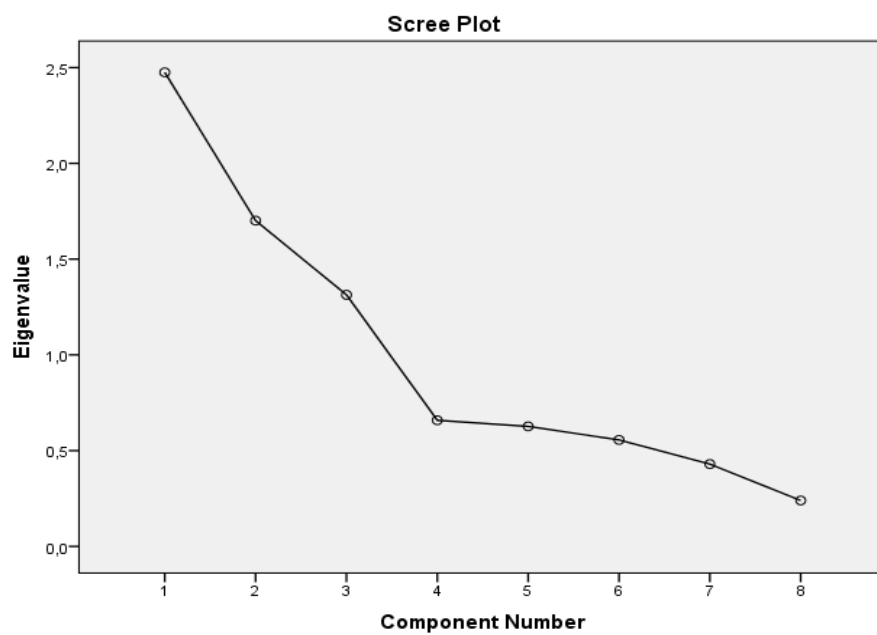


Table 9.12: Component Matrix^a - Confucianism

	Component		
	1	2	3
CONFU3 Upholding one's personal image makes a difference in business goal achievement	.694		
CONFU5 I think respect for tradition can facilitate performance	.620	-.561	
CONFU8 I believe the exchange of favours and gifts is necessary to excel in business	.613		-.528
CONFU7 Personal stability is critical to success in business	.574		.512
CONFU6 A good manager is more economical and less extravagant	.566	.565	
CONFU4 I think hierarchical relationships at work are important and necessary		.694	
CONFU1 I believe managers must be persistent to accomplish business goals and objectives	.511	.551	
CONFU2 It is important to have a conscience in business			.651

Extraction Method: Principal Component Analysis.^a

a. 3 components extracted.

Table 9.12.1: Rotated Component Matrix^a - Confucianism

	Component		
	1	2	3
CONFU4 I think hierarchical relationships at work are important and necessary	.813		
CONFU6 A good manager is more economical and less extravagant	.799		
CONFU1 I believe managers must be persistent to accomplish business goals and objectives	.746		
CONFU8 I believe the exchange of favours and gifts is necessary to excel in business		.929	
CONFU5 I think respect for tradition can facilitate performance		.905	
CONFU7 Personal stability is critical to success in business			.776
CONFU2 It is important to have a conscience in business			.773
CONFU3 Upholding one's personal image makes a difference in business goal achievement			.699

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.^a

a. Rotation converged in 4 iterations.

Table 9.12.2: Component Transformation Matrix - Confucianism

Component	1	2	3
1	.529	.584	.616
2	.805	-.576	-.146
3	-.269	-.572	.774

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser

Normalization.

4.10.4 Confucian Scale Reliability - All Variables

Table 9.13: Case Processing Summary - Confucian - All Variables

		N	%
Cases	Valid	376	100.0
	Excluded ^a	0	.0
	Total	376	100.0

a. Listwise deletion based on all variables in the procedure.

Table 9.13.1: Reliability Statistics - Confucian - All Variables

Cronbach's Alpha	N of Items
.668	8

Table 9.13.2: Item - Total Statistics - Confucian - All Variables

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item- Total Correlation	Cronbach's Alpha if Item Deleted
CONFU1 I believe managers must be persistent to accomplish business goals and objectives	33.6057	13.351	.311	.651
CONFU2 It is important to have a conscience in business	33.6962	12.899	.257	.661
CONFU3 Upholding one's personal image makes a difference in business goal achievement	34.1874	11.073	.510	.598
CONFU4 I think hierarchical relationships at work are important and necessary	34.3401	13.702	.164	.677
CONFU5 I think respect for tradition can facilitate performance	35.3018	10.548	.469	.607
CONFU6 A good manager is more economical and less extravagant	33.6920	13.035	.371	.641
CONFU7 Personal stability is critical to success in business	34.0653	11.730	.378	.633
CONFU8 I believe the exchange of favours and gifts is necessary to excel in business	35.4660	10.358	.437	.619

4.11 Reliability Statistics - Machiavellianism Variables

4.11.1 Reliability Statistics - Machiavellianism - Amoralism

Table 9.14: Case Processing Summary - Machiavellianism - Amoralism

		N	%
Cases	Valid	376	100.0
	Excluded ^a	0	.0
	Total	376	100.0

a. Listwise deletion based on all variables in the procedure.

Table 9.14.1: Reliability Statistics - Machiavellianism - Amoralism

Cronbach's Alpha	N of Items
.569	3

Table 9.14.2: Item - Total Statistics - Machiavellianism - Amoralism

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
MACHAMOR1 I will at times go against my moral standards to get ahead in business	5.2217	2.848	.505	.338
MACHAMOR2 I think 'cheaters often win'	4.2587	2.617	.266	.661
MACHAMOR3 I think it can be acceptable at times to be unethical in business	4.8881	2.325	.415	.409

4.11.2 Reliability Statistics - Machiavellianism - Control

*Table 9.15: Case Processing
Summary - Machiavellianism Control*

		N	%
Cases	Valid	376	100.0
	Excluded ^a	0	.0
	Total	376	100.0

a. Listwise deletion based on all variables in the procedure.

*Table 9.15.1: Reliability
Statistics -
Machiavellianism -
Control*

Cronbach's Alpha	N of Items
.795	3

Table 9.15.2: Item - Total Statistics - Machiavellianism - Control

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item- Total Correlation	Cronbach's Alpha if Item Deleted
MACHCONTROL1 I enjoy the control of others in a business environment	9.8246	1.787	.620	.741
MACHCONTROL2 I enjoy being able to control the situation	9.1822	1.865	.633	.726
MACHCONTROL3 I like to give the orders in business situations	9.6396	1.811	.661	.697

4.11.3 Reliability Statistics - Machiavellianism - Status

*Table 9.16: Case Processing
Summary - Machiavellianism - Status*

		N	%
Cases	Valid	376	100.0
	Excluded ^a	0	.0
	Total	376	100.0

a. Listwise deletion based on all variables in the procedure.

*Table 9.16.1: Reliability
Statistics*

Cronbach's Alpha	N of Items
.763	3

Table 9.16.2: Item - Total Statistics - Machiavellianism - Status

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item- Total Correlation	Cronbach's Alpha if Item Deleted
MACSTATUS1 Status is a good sign of success in life	10.7443	1.701	.567	.714
MACSTATUS2 I want to be rich and powerful one day	11.1759	1.526	.588	.691
MACSTATUS3 The accumulation of wealth is an important goal for me	10.5585	1.477	.633	.638

4.11.4 Reliability Statistics - Machiavellianism - Distrust

Table 9.17: Case Processing Summary - Machiavellianism - Distrust

		N	%
Cases	Valid	376	100.0
	Excluded ^a	0	.0
	Total	376	100.0

a. Listwise deletion based on all variables in the procedure.

Table 9.17.1: Reliability Statistics

Cronbach's Alpha	N of Items
.693	3

Table 9.17.2: Item - Total Statistics - Machiavellianism - Distrust

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
MACDISTRUST1 I think people are only motivated by personal gain	6.3596	2.312	.576	.509
MACDISTRUST2 I think that few people are essentially trustworthy	7.0670	3.462	.429	.702
MACDISTRUST3 Team members often treat one another badly to get ahead	6.6596	2.305	.555	.542

4.11.5 Factor Analysis - Machiavellianism

Table 9.18: Communalities - Machiavellianism

	Initial	Extraction
MACHAMOR1 I will at times go against my moral standards to get ahead in business	1.000	.598
MACHAMOR2 I think 'cheaters often win'	1.000	.646
MACHAMOR3 I think it can be acceptable at times to be unethical in business	1.000	.561
MACHCONTROL1 I enjoy the control of others in a business environment	1.000	.526
MACHCONTROL2 I enjoy being able to control the situation	1.000	.563
MACHCONTROL3 I like to give the orders in business situations	1.000	.641
MACSTATUS1 Status is a good sign of success in life	1.000	.611
MACSTATUS2 I want to be rich and powerful one day	1.000	.593
MACSTATUS3 The accumulation of wealth is an important goal for me	1.000	.549
MACDISTRUST1 I think people are only motivated by personal gain	1.000	.687
MACDISTRUST2 I think that few people are essentially trustworthy	1.000	.519
MACDISTRUST3 Team members often treat one another badly to get ahead	1.000	.586

Extraction Method: Principal Component Analysis.

Table 9.18.1: Total Variance Explained - Machiavellianism

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings	
	Total	% of Variance	Cumulative %	Total	% of Variance
1	3.574	29.787	29.787	3.574	29.787
2	2.502	20.851	50.637	2.502	20.851
3	1.003	8.356	58.993	1.003	8.356
4	.995	8.296	67.289		
5	.805	6.711	74.000		
6	.612	5.099	79.098		
7	.508	4.233	83.331		
8	.481	4.005	87.335		
9	.468	3.904	91.239		
10	.399	3.324	94.563		
11	.354	2.950	97.513		
12	.298	2.487	100.000		

Table 9.18.2: Total Variance Explained - Machiavellianism

Component	Extraction Sums of Squared Loadings	Rotation Sums of Squared Loadings		
	Cumulative %	Total	% of Variance	Cumulative %
1	29.787	3.236	26.969	26.969
2	50.637	2.374	19.783	46.752
3	58.993	1.469	12.241	58.993
4				
5				
6				
7				
8				
9				
10				
11				
12				

Extraction Method: Principal Component Analysis.

Figure 61: Scree Plot - Machiavellianism

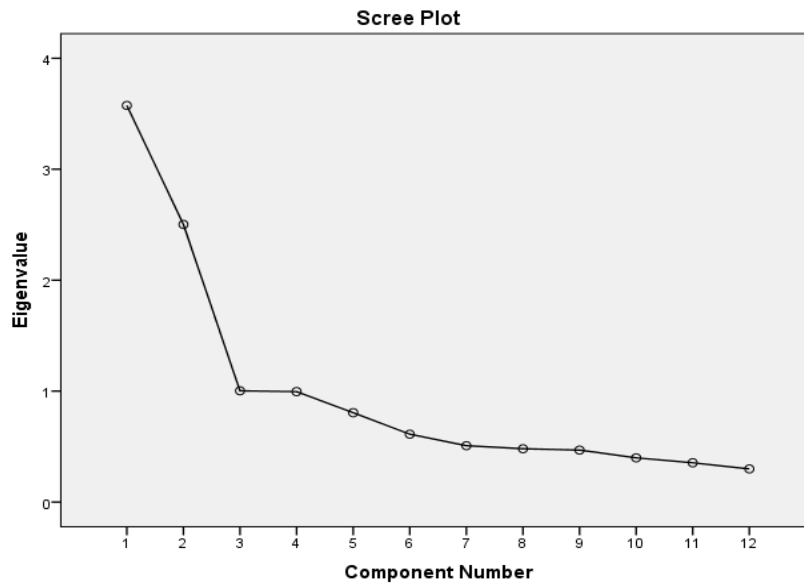


Table 9.19: Machiavellianism Component Matrix^a

	Component		
	1	2	3
MACHCONTROL3 I like to give the orders in business situations	.780		
MACSTATUS2 I want to be rich and powerful one day	.766		
MACSTATUS1 Status is a good sign of success in life	.668		
MACSTATUS3 The accumulation of wealth is an important goal for me	.639		
MACHCONTROL2 I enjoy being able to control the situation	.616		
MACDISTRUST1 I think people are only motivated by personal gain	.607		
MACHCONTROL1 I enjoy the control of others in a business environment	.582		

MACDISTRUST3 Team members often treat one another badly to get ahead	.546		
MACHAMOR1 I will at times go against my moral standards to get ahead in business		.712	
MACHAMOR3 I think it can be acceptable at times to be unethical in business		.681	
MACDISTRUST2 I think that few people are essentially trustworthy		.605	
MACHAMOR2 I think 'cheaters often win'			.698

Extraction Method: Principal Component Analysis.^a

a. 3 components extracted.

Table 9.19.1: Rotated Component Matrix^a - Machiavellianism

	Component		
	1	2	3
MACSTATUS1 Status is a good sign of success in life	.777		
MACHCONTROL3 I like to give the orders in business situations	.748		
MACHCONTROL2 I enjoy being able to control the situation	.726		
MACSTATUS3 The accumulation of wealth is an important goal for me	.723		
MACHCONTROL1 I enjoy the control of others in a business environment	.690		
MACSTATUS2 I want to be rich and powerful one day	.628		
MACDISTRUST1 I think people are only motivated by personal gain		.786	

MACDISTRUST3 Team members often treat one another badly to get ahead		.735	
MACDISTRUST2 I think that few people are essentially trustworthy		.702	
MACHAMOR3 I think it can be acceptable at times to be unethical in business		.530	.528
MACHAMOR2 I think 'cheaters often win'			.802
MACHAMOR1 I will at times go against my moral standards to get ahead in business			.635

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.^a

a. Rotation converged in 5 iterations.

Table 9.19.2: Component Transformation Matrix - Machiavellianism

Component	1	2	3
1	.868	.492	.070
2	-.445	.707	.550
3	.221	-.508	.832

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser

Normalization.

4.11.6 Machiavellianism Correlations

Table 9.20: Machiavellianism Correlations

		M_Amor	M_Control	M_Status	M_Distrust
M_Amor	Pearson Correlation	1	-.087	.031	.399
	Sig. (2-tailed)		.094	.555	.000
	N	376	376	376	376
M_Control	Pearson Correlation	-.087	1	.525	.197
	Sig. (2-tailed)	.094		.000	.000
	N	376	376	376	376
M_Status	Pearson Correlation	.031	.525	1	.307
	Sig. (2-tailed)	.555	.000		.000
	N	376	376	376	376
M_Distrust	Pearson Correlation	.399	.197	.307	1
	Sig. (2-tailed)	.000	.000	.000	
	N	376	376	376	376

4.11.7 Reliability - Machiavellianism - All Variables

Table 9.21: Case Processing Summary - Machiavellianism

		N	%
Cases	Valid	376	100.0
	Excluded ^a	0	.0
	Total	376	100.0

a. Listwise deletion based on all variables in the procedure.

Table 9.21.1: Reliability Statistics

Cronbach's Alpha	N of Items
.740	12

Table 9.21.2: Item - Total Statistics - Machiavellianism

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item- Total Correlation	Cronbach's Alpha if Item Deleted
MACHAMOR1 I will at times go against my moral standards to get ahead in business	45.8273	25.635	.256	.736
MACHAMOR2 I think 'cheaters often win'	44.8643	25.565	.133	.761
MACHAMOR3 I think it can be acceptable at times to be unethical in business	45.4937	23.531	.351	.727
MACHCONTROL1 I enjoy the control of others in a business environment	43.2912	25.482	.275	.734
MACHCONTROL2 I enjoy being able to control the situation	42.6489	25.414	.308	.730
MACHCONTROL3 I like to give the orders in business situations	43.1062	23.689	.551	.703
MACSTATUS1 Status is a good sign of success in life	42.2948	25.209	.388	.723
MACSTATUS2 I want to be rich and powerful one day	42.7264	23.578	.578	.701
MACSTATUS3 The accumulation of wealth is an important goal for me	42.1090	24.996	.374	.723
MACDISTRUST1 I think people are only motivated by personal gain	44.1063	21.525	.582	.691
MACDISTRUST2 I think that few people are essentially trustworthy	44.8138	25.349	.309	.730
MACDISTRUST3 Team members often treat one another badly to get ahead	44.4063	22.062	.506	.703

4.12 Reliability Statistics - Social Axioms Variables

4.12.1 Reliability Statistics - Social Axioms - Cynicism

Table 9.22: Case Processing

Summary - Social Axioms - Cynicism

		N	%
Cases	Valid	376	100.0
	Excluded ^a	0	.0
	Total	376	100.0

a. Listwise deletion based on all variables in the procedure.

Table 9.22.1: Reliability Statistics - Social Axioms - Cynicism

Cronbach's Alpha	N of Items
.516	3

Table 9.22.2: Item - Total Statistics - Social Axioms - Cynicism

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
SACYNIC1 I believe it is easier to succeed in business if a person knows how to take shortcuts	7.9697	2.756	.224	.564
SACYNIC2 I believe power and status make people arrogant	8.7010	2.155	.415	.286
SACYNIC3 I think significant achievement in business requires one to show no concern for the methods	9.9229	1.613	.383	.335

4.12.2 Reliability Statistics Social Axioms - Complexity

Table 9.23: Case Processing

Summary - Social Axioms - Complexity

		N	%
Cases	Valid	376	100.0
	Excluded ^a	0	.0
	Total	376	100.0

a. Listwise deletion based on all variables in the procedure.

Table 9.23.1: Reliability Statistics - Social Axioms - Complexity

Cronbach's Alpha	N of Items
.864	3

Table 9.23.2: Item - Total Statistics - Social Axioms - Complexity

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
SACOMPLEX1 I believe human behaviour changes with the social context	9.2154	1.999	.663	.878
SACOMPLEX2 I believe a person's behaviour at work may be contrary to his or her true feelings	9.2287	1.660	.829	.726
SACOMPLEX3 I believe people may have opposite behaviours on different occasions at work	9.4441	1.597	.748	.808

4.12.3 Reliability Statistics - Social Axioms - Application

Table 9.24: Case Processing

Summary - Social Axioms -

Application

		N	%
Cases	Valid	376	100.0
	Excluded ^a	0	.0
	Total	376	100.0

a. Listwise deletion based on all variables in the procedure.

Table 9.24.1 Reliability Statistics - Social Axioms - Application

Cronbach's Alpha	N of Items
.699	3

Table 9.24.2 - Item - Total Statistics - Social Axioms - Application

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
SAAPPLIC1 I believe people will be successful if they really try	11.2606	1.729	.453	.683
SAAPPLIC2 I believe every problem has a solution	11.7606	1.281	.528	.597
SAAPPLIC3 I believe knowledge is necessary for success	11.4681	1.316	.581	.518

4.12.4 Correlations - Social Axioms

Table 9.25: Correlations - Social Axioms

		S_Cynic	S_Complex	S_Applic
S_Cynic	Pearson Correlation	1	.398	.093
	Sig. (2-tailed)		.000	.072
	N	376	376	376
S_Complex	Pearson Correlation	.398	1	.351
	Sig. (2-tailed)	.000		.000
	N	376	376	376
S_Applic	Pearson Correlation	.093	.351	1
	Sig. (2-tailed)	.072	.000	
	N	376	376	376

4.12.5 Factor Analysis - Social Axioms

Table 9.26: Communalities - Social Axioms

	Initial	Extraction
SACYNIC1 I believe it is easier to succeed in business if a person knows how to take shortcuts	1.000	.376
SACYNIC2 I believe power and status make people arrogant	1.000	.701
SACYNIC3 I think significant achievement in business requires one to show no concern for the methods	1.000	.691
SACOMPLEX1 I believe human behaviour changes with the social context	1.000	.706
SACOMPLEX2 I believe a person's behaviour at work may be contrary to his or her true feelings	1.000	.858

SACOMPLEX3 I believe people may have opposite behaviours on different occasions at work	1.000	.780
SAAPPLIC1 I believe people will be successful if they really try	1.000	.568
SAAPPLIC2 I believe every problem has a solution	1.000	.611
SAAPPLIC3 I believe knowledge is necessary for success	1.000	.681

Extraction Method: Principal Component Analysis.

Table 9.27: Total Variance Explained - Social Axioms

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings	
	Total	% of Variance	Cumulative %	Total	% of Variance
1	3.286	36.514	36.514	3.286	36.514
2	1.659	18.436	54.950	1.659	18.436
3	1.026	11.405	66.355	1.026	11.405
4	.828	9.197	75.552		
5	.658	7.316	82.868		
6	.504	5.599	88.467		
7	.474	5.261	93.728		
8	.371	4.117	97.846		
9	.194	2.154	100.000		

Table 9.27.1: Total Variance Explained - Social Axioms

Component	Extraction Sums of Squared Loadings	Rotation Sums of Squared Loadings		
	Cumulative %	Total	% of Variance	Cumulative %
1	36.514	2.439	27.099	27.099
2	54.950	2.023	22.476	49.576
3	66.355	1.510	16.779	66.355
4				
5				
6				

7				
8				
9				

Extraction Method: Principal Component Analysis.

Figure 62: Scree Plot - Social Axioms

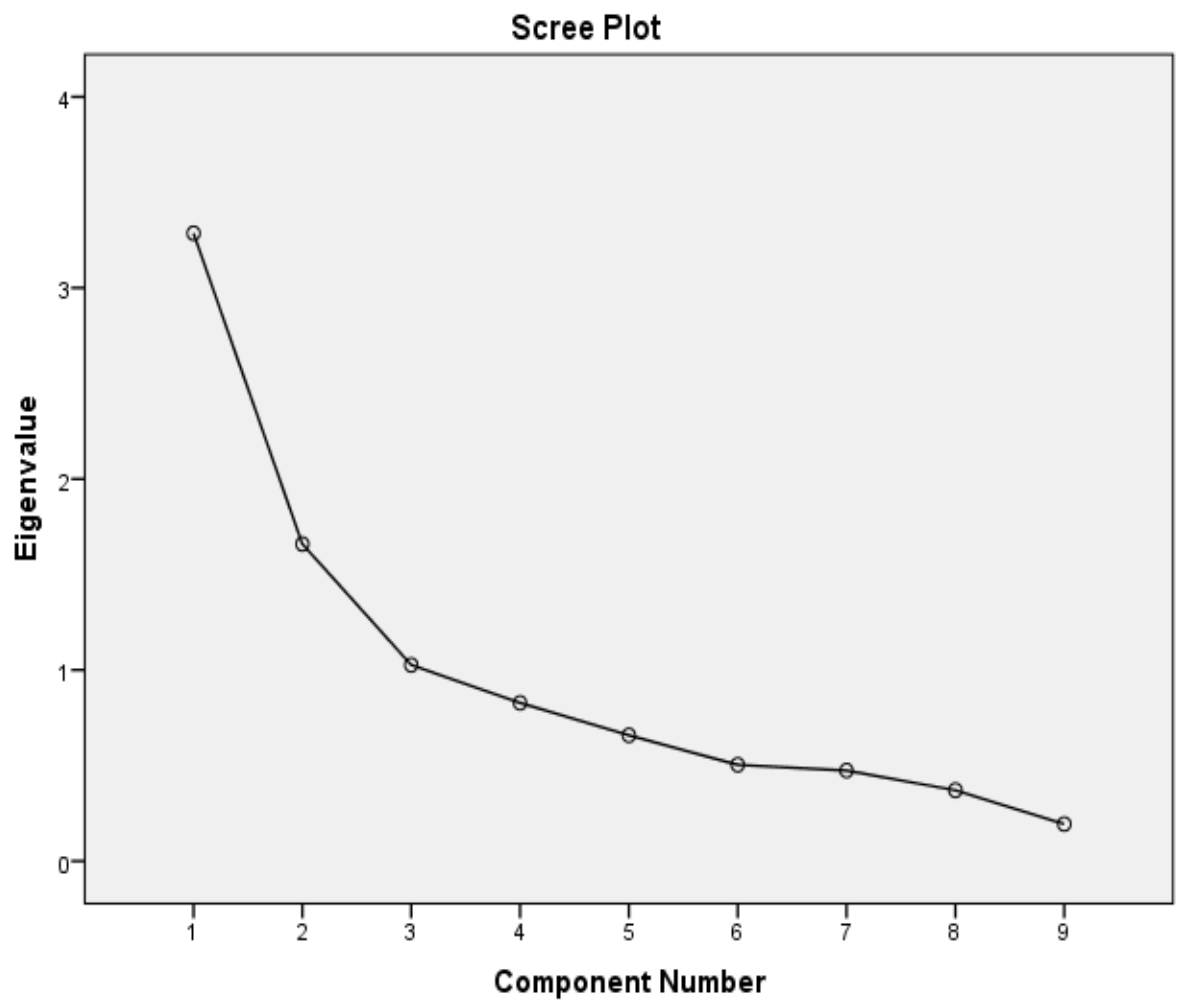


Table 9.28: Component Matrix^a - Social Axioms

	Component		
	1	2	3
SACOMPLEX2 I believe a person's behaviour at work may be contrary to his or her true feelings	.822		
SACOMPLEX3 I believe people may have opposite behaviours on different occasions at work	.802		
SACOMPLEX1 I believe human behaviour changes with the social context	.772		
SAAPPLIC1 I believe people will be successful if they really try	.574		
SACYNIC1 I believe it is easier to succeed in business if a person knows how to take shortcuts	.567		
SACYNIC3 I think significant achievement in business requires one to show no concern for the methods		.681	
SAAPPLIC3 I believe knowledge is necessary for success	.530	-.614	
SAAPPLIC2 I believe every problem has a solution		-.533	
SACYNIC2 I believe power and status make people arrogant			.577

Extraction Method: Principal Component Analysis.^a

a. 3 components extracted.

Table 9.28.1: Rotated Component Matrix^a - Social Axioms

	Component		
	1	2	3
SACOMPLEX2 I believe a person's behaviour at work may be contrary to his or her true feelings	.908		
SACOMPLEX3 I believe people may have opposite behaviours on different occasions at work	.856		
SACOMPLEX1 I believe human behaviour changes with the social context	.808		
SAAPPLIC3 I believe knowledge is necessary for success		.798	
SAAPPLIC2 I believe every problem has a solution		.780	
SAAPPLIC1 I believe people will be successful if they really try		.716	
SACYNIC1 I believe it is easier to succeed in business if a person knows how to take shortcuts			
SACYNIC2 I believe power and status make people arrogant			.828
SACYNIC3 I think significant achievement in business requires one to show no concern for the methods			.789

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.^a

a. Rotation converged in 5 iterations.

Table 9.28.2: Component Transformation Matrix - Social Axioms

Component	1	2	3
1	.780	.540	.317
2	.247	-.731	.636
3	-.575	.418	.703

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser

Normalization.

4.12.5 Reliability Scale - Social Axioms - All Variables

Table 9.29: Case Processing - Summary - Social Axioms - All Variables

		N	%
Cases	Valid	376	100.0
	Excluded ^a	0	.0
	Total	376	100.0

a. Listwise deletion based on all variables in the procedure.

Table 9.29.1: Reliability Statistics - Social Axioms - All Variables

Cronbach's Alpha	N of Items
.736	9

Table 9.29.2: Item - Total Statistics - Social Axioms - All Variables

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item- Total Correlation	Cronbach's Alpha if Item Deleted
SACYNIC1 I believe it is easier to succeed in business if a person knows how to take shortcuts	39.1585	13.320	.430	.709
SACYNIC2 I believe power and status make people arrogant	39.8899	13.562	.326	.728
SACYNIC3 I think significant achievement in business requires one to show no concern for the methods	41.1117	13.262	.229	.762
SACOMPLEX1 I believe human behaviour changes with the social context	39.7569	13.039	.599	.686
SACOMPLEX2 I believe a person's behaviour at work may be contrary to his or her true feelings	39.7702	12.603	.643	.676
SACOMPLEX3 I believe people may have opposite behaviours on different occasions at work	39.9856	12.341	.620	.676
SAAPPLIC1 I believe people will be successful if they really try	38.5016	14.188	.396	.717
SAAPPLIC2 I believe every problem has a solution	39.0016	13.915	.317	.728
SAAPPLIC3 I believe knowledge is necessary for success	38.7090	13.974	.341	.724

4.13 Reliability Statistics - Negotiation Variables

4.13.1 Reliability Statistics - Negotiation - Control

*Table 9.30: Case Processing
Summary - Negotiation - Control*

		N	%
Cases	Valid	376	100.0
	Excluded ^a	0	.0
	Total	376	100.0

a. Listwise deletion based on all variables in the procedure.

*Table 9.30.1: Reliability
Statistics - Negotiation -
Control*

Cronbach's Alpha	N of Items
.897	3

Table 9.30.2: Item - Total Statistics - Negotiation - Control

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item- Total Correlation	Cronbach's Alpha if Item Deleted
NEGCONTROL1 I would argue strongly for my point of view	8.0798	3.018	.757	.888
NEGCONTROL2 I would stand firm in my views in a conflict situation	8.5564	2.789	.833	.823
NEGCONTROL3 I would assert my opinions strongly	8.4660	2.599	.809	.846

4.13.2 Reliability Statistics - Negotiation - Solution

*Table 9.31: Case Processing
Summary - Negotiation - Solution*

		N	%
Cases	Valid	376	100.0
	Excluded ^a	0	.0
	Total	376	100.0

a. Listwise deletion based on all variables in the procedure.

*Table 9.31.1: Reliability
Statistics - Negotiation -
Solution*

Cronbach's Alpha	N of Items
.692	3

Table 9.31.2: Item - Total Statistics - Negotiation - Solution

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item- Total Correlation	Cronbach's Alpha if Item Deleted
NEGSOL1 I would offer creative solutions in discussions about disagreements	10.8298	1.454	.364	.811
NEGSOL2 I would suggest a solution that combines both sides viewpoints	10.3856	1.454	.642	.453
NEGSOL3 I would compromise with the other side	10.4335	1.420	.560	.533

4.13.3 Reliability Statistics - Negotiation - Non-confrontational

Table 9.32: Case Processing Summary - Negotiation - Non-Confrontational

		N	%
Cases	Valid	376	100.0
	Excluded ^a	0	.0
	Total	376	100.0

a. Listwise deletion based on all variables in the procedure.

Table 9.32.1: Reliability Statistics - Negotiation - Non-Confrontational

Cronbach's Alpha	N of Items
.897	3

Table 9.32.2: Item - Total Statistics - Negotiation - Non-Confrontational

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
NEGNONCON1 I would ignore disagreements when they arise	9.4071	3.156	.739	.902
NEGNONCON2 I would avoid topics that can be the source of disputes	9.5293	2.735	.802	.850
NEGNONCON3 I would keep quiet about my views in order to avoid disagreements	9.6331	2.630	.859	.798

4.13.4 Correlations - Negotiation

Table 9.33: Correlations - Negotiation

		NStyle_Control	NStyle_Solution	NStyle_NonConfront
NStyle_Control	Pearson Correlation	1	.153	-.181
	Sig. (2-tailed)		.003	.000
	N	376	376	376
NStyle_Solution	Pearson Correlation	.153	1	.433
	Sig. (2-tailed)	.003		.000
	N	376	376	376
NStyle_NonConfront	Pearson Correlation	-.181	.433	1
	Sig. (2-tailed)	.000	.000	
	N	376	376	376

4.13.4 Factor Analysis - Negotiation

Table 9.34: Communalities - Negotiation

	Initial	Extraction
NEGCONTROL1 I would argue strongly for my point of view	1.000	.794
NEGCONTROL2 I would stand firm in my views in a conflict situation	1.000	.867
NEGCONTROL3 I would assert my opinions strongly	1.000	.840
NEGSOL1 I would offer creative solutions in discussions about disagreements	1.000	.670
NEGSOL2 I would suggest a solution that combines both sides viewpoints	1.000	.741
NEGSOL3 I would compromise with the other side	1.000	.712

NEGNONCON1 I would ignore disagreements when they arise	1.000	.756
NEGNONCON2 I would avoid topics that can be the source of disputes	1.000	.829
NEGNONCON3 I would keep quiet about my views in order to avoid disagreements	1.000	.857

Extraction Method: Principal Component Analysis.

Table 9.35: Total Variance Explained - Negotiation

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings	
	Total	% of Variance	Cumulative %	Total	% of Variance
1	3.393	37.704	37.704	3.393	37.704
2	2.633	29.257	66.961	2.633	29.257
3	1.040	11.556	78.517	1.040	11.556
4	.646	7.181	85.698		
5	.367	4.078	89.777		
6	.305	3.388	93.165		
7	.266	2.960	96.125		
8	.190	2.106	98.231		
9	.159	1.769	100.000		

Table 9.35.1: Total Variance Explained - Negotiation

Component	Extraction Sums of Squared Loadings	Rotation Sums of Squared Loadings		
	Cumulative %	Total	% of Variance	Cumulative %
1	37.704	2.823	31.363	31.363
2	66.961	2.515	27.944	59.307
3	78.517	1.729	19.210	78.517
4				
5				
6				
7				
8				
9				

Extraction Method: Principal Component Analysis.

Figure 63: Scree Plot - Negotiation

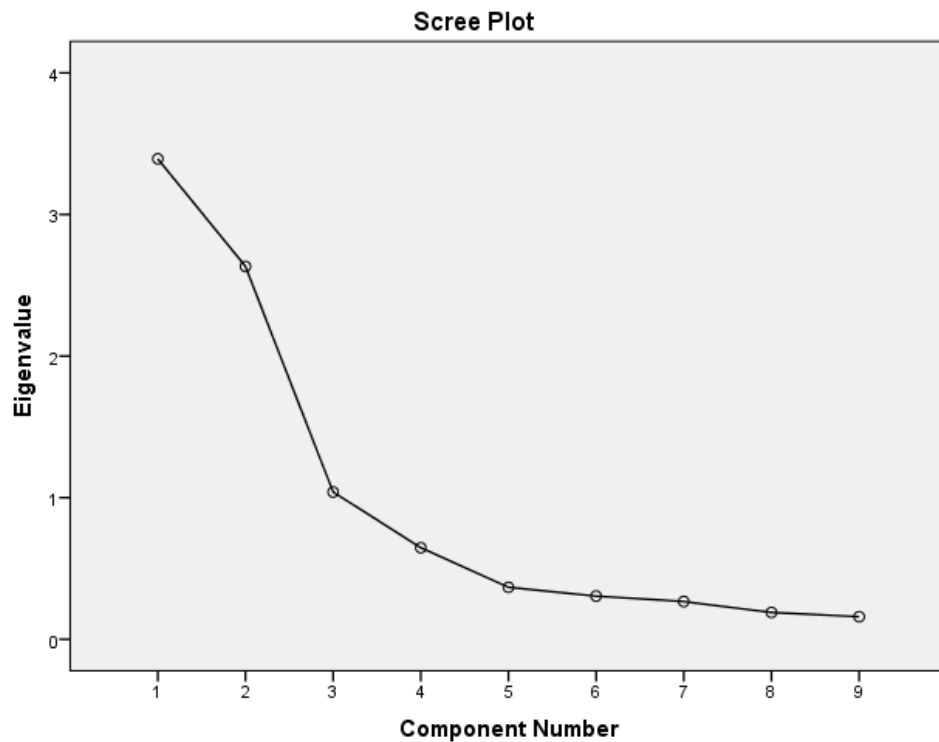


Table 9.36: Component Matrix^a - Negotiation

	Component		
	1	2	3
NEGNONCON3 I would keep quiet about my views in order to avoid disagreements	.867		
NEGNONCON1 I would ignore disagreements when they arise	.844		
NEGNONCON2 I would avoid topics that can be the source of disputes	.829		
NEGSOL3 I would compromise with the other side	.721		
NEGSOL2 I would suggest a solution that combines both sides viewpoints	.636		

NEGCONTROL3 I would assert my opinions strongly		.848	
NEGCONTROL1 I would argue strongly for my point of view		.837	
NEGCONTROL2 I would stand firm in my views in a conflict situation		.827	
NEGSOL1 I would offer creative solutions in discussions about disagreements			-.629

Extraction Method: Principal Component Analysis.^a

a. 3 components extracted.

Table 9.36.1: Rotated Component Matrix^a - Negotiation

	Component		
	1	2	3
NEGNONCON3 I would keep quiet about my views in order to avoid disagreements	.913		
NEGNONCON2 I would avoid topics that can be the source of disputes	.906		
NEGNONCON1 I would ignore disagreements when they arise	.835		
NEGCONTROL2 I would stand firm in my views in a conflict situation		.924	
NEGCONTROL3 I would assert my opinions strongly		.905	
NEGCONTROL1 I would argue strongly for my point of view		.884	
NEGSOL1 I would offer creative solutions in discussions about disagreements			.800

NEGSOL2 I would suggest a solution that combines both sides viewpoints			.772
NEGSOL3 I would compromise with the other side	.546		.642

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.^a

a. Rotation converged in 5 iterations.

Table 9.37: Component Transformation Matrix - Negotiation

Component	1	2	3
1	.867	-.287	.407
2	.094	.897	.433
3	.490	.337	-.804

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser

Normalization.

4.13.5 Reliability Statistics - Negotiation - All Variables

Table 9.38: Case Processing

Summary - Negotiation

		N	%
Cases	Valid	376	100.0
	Excluded ^a	0	.0
	Total	376	100.0

a. Listwise deletion based on all variables in the procedure.

Table 9.38.1: Reliability Statistics - Negotiation

Cronbach's Alpha	N of Items
.819	6

Table 9.38.2: Item - Total Statistics - Negotiation

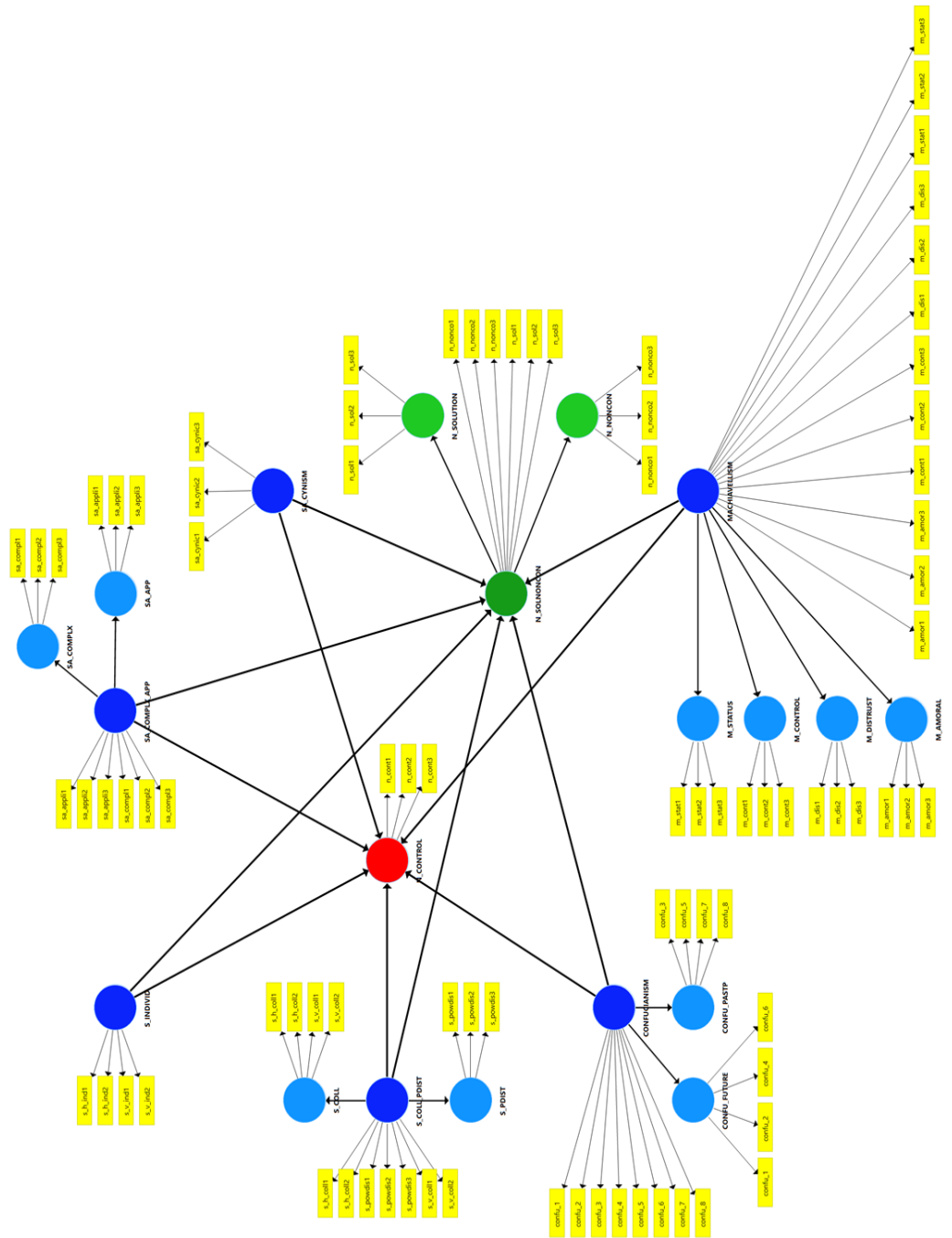
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item- Total Correlation	Cronbach's Alpha if Item Deleted
NEGSOL1 I would offer creative solutions in discussions about disagreements	25.1145	10.699	.212	.864
NEGSOL2 I would suggest a solution that combines both sides viewpoints	24.6704	9.789	.585	.795
NEGSOL3 I would compromise with the other side	24.7183	9.232	.661	.778
NEGNONCON1 I would ignore disagreements when they arise	25.2316	8.331	.705	.763
NEGNONCON2 I would avoid topics that can be the source of disputes	25.3537	7.957	.692	.765
NEGNONCON3 I would keep quiet about my views in order to avoid disagreements	25.4576	7.826	.728	.756

Chapter 5 Data Results and Analysis 2 - PLS-SEM

5.1 Introduction

PLS-SEM is used to produce a model to measure the social psychological variables relationships with one another and with negotiation styles. The model is used for two sets of data; those Chinese PE professionals who have worked or studied overseas in Anglo-Saxon countries and those who have not had such experiences. Tests were carried out to assess reliability, discriminant validity, and convergent validity. Overall the model for Chinese PE professionals performed well, but these have been removed in a revised model which is presented in section 5.12 and discussed in Chapter 6.

Figure 64: Hypothetical Model Structure and Operationalisation



5.2 Outer Model (Measurement Model) Results ‘Overall’ (N=376)

In the path coefficients ‘Overall’ model most of the first order loadings are above 0.70 which means they are acceptable, according to Ringle *et al.* (2015, p.113). However, some are below, but the same authors suggest these can be retained in a PLS-SEM if they are between 0.40 and 0.70 and deleting those does not increase the composite reliability above the threshold value if removing it affects content validity.

For the ‘Chinese’ and ‘Overseas’ models without the variables and paths found to be inadequate for Chinese PE professionals preferred negotiating styles see section 5.12 ‘Revised Models for Chinese PE Professionals’. Almost all paths from constructs to indicators have p values of less than 0.05. That means the 95% confidence intervals of the corresponding path coefficients do not include the value zero, that is, these hypothetical paths actually exist.

There is an exception to this found amongst the social axioms. SA_CYNIC3 with a path coefficient of 0.63 is above the threshold of acceptance of 0.05. Also, M_AMOR3 with a path coefficient of 0.21 is above the threshold of acceptance for the M_AMORAL latent variable. Finally, M_AMOR2 (p=0.47) and M_AMOR1 (p=0.23) also are above the threshold of acceptability for the Machiavellianism latent variable and therefore do not adequately fit the proposed model.

5.3 Inner Model (Measurement Model) Results ‘Overall’ (N=376)

The following paths in the table below do not exist.

Table 10.1: Invalid Paths - ‘Overall’ Model (N=277)

Variable	Negotiation Style	p Value
S_COLL_PDIST	N_CONTROL	0.38
CONFUCIANISM	N_CONTROL	0.33
SA_COMPLX_APP	N_CONTROL	0.21
S_INDIVID	N_SOLNONCON	0.14
MACHIAVELLIANISM	N_SOLNONCON	0.11

The non-existence of these structural paths is in full accordance with the underlying theoretical assumptions of the generalizable model and, therefore,

can be seen as evidence of the validity of the model. For the 'Chinese' and 'Overseas' models without the variables and paths found to be inadequate for Chinese PE professionals preferred negotiating styles see section 5.12 'Revised Models for Chinese PE Professionals'.

Figure 67: Construct Reliability and Validity (AVE) - 'Overall' Model (N=376)

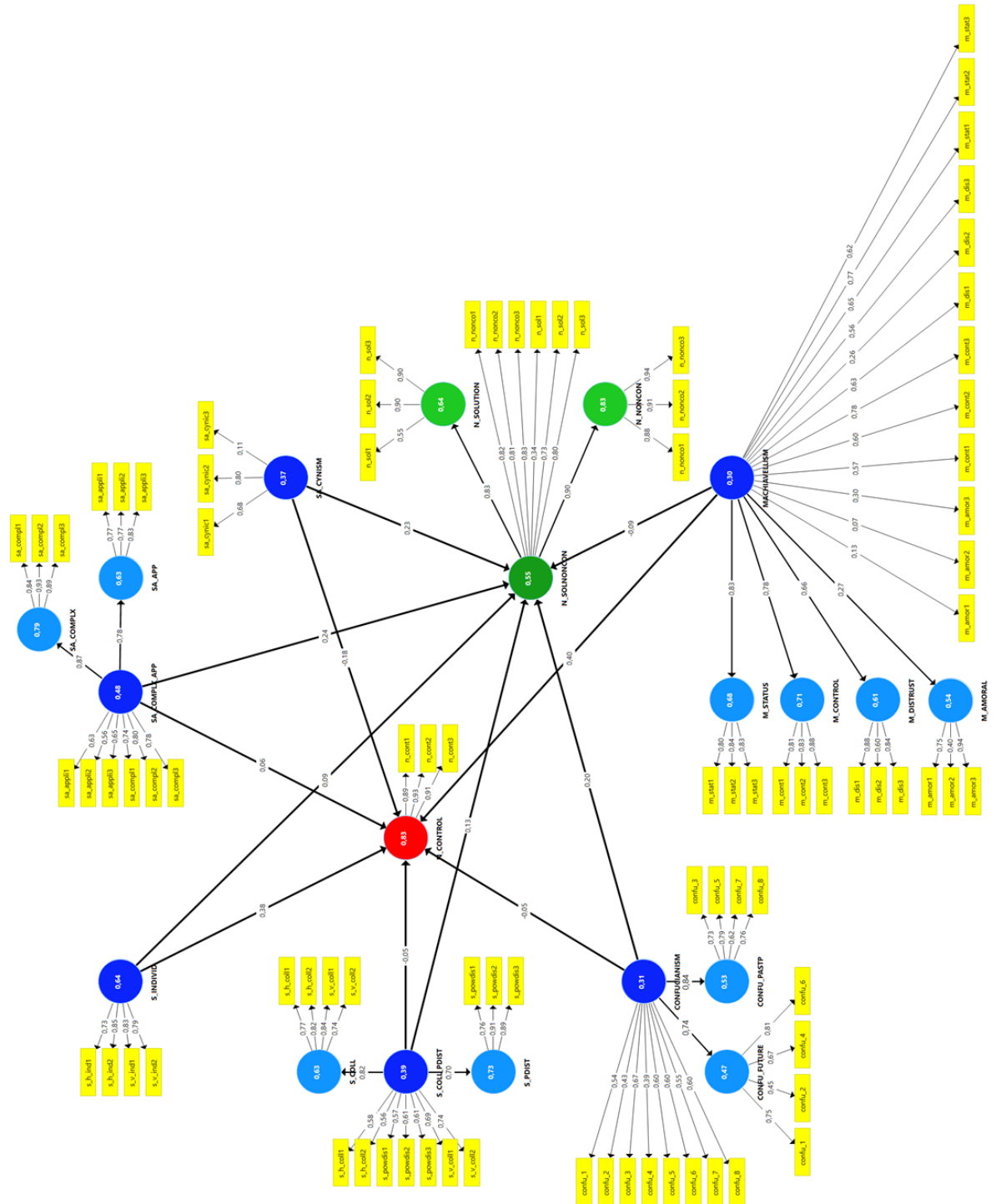


Table 10.2: Construct Reliability and Validity - 'Overall' Model (N=376)

Overall	Internal Consistency	Convergent Validity
	Composite Reliability	Average Variance Extracted (AVE)
CONFUCIANISM	0.777	0.309
CONFU_FUTURE	0.772	0.469
CONFU_PASTP	0.816	0.528
MACHIAVELLIANISM	0.807	0.298
M_AMORAL	0.758	0.535
M_CONTROL	0.879	0.708
M_DISTRUST	0.823	0.613
M_STATUS	0.863	0.678
N_CONTROL	0.937	0.831
N_NONCON	0.936	0.830
N_SOLNONCON	0.875	0.553
N_SOLUTION	0.835	0.638
SA_APP	0.833	0.625
SA_COMPLX	0.918	0.789
SA_COMPLX_APP	0.848	0.485
SA_CYNISM	0.574	0.371
S_COLL	0.872	0.630
S_COLL_PDIST	0.818	0.394
S_INDIVID	0.878	0.642
S_PDIST	0.891	0.732

Composite reliability is excellent. The only exception is SA_CYNISM which has a low value of 0.574. Convergent validity for some constructs, especially MACHIAVELLIANISM and CONFUCIANISM, are weak too with scores below the acceptable 50% at 0.298 and 0.309 respectively. Cronbach alphas were calculated in SPSS and are shown in Chapter 4 in sections 4.9 through 4.13. For the 'Chinese' and 'Overseas' models without the variables and paths found to be inadequate for Chinese PE professionals preferred negotiating styles see section 5.12 'Revised Models for Chinese PE Professionals'.

Table 10.3: Discriminant Validity - 'Overall' Model (N=376)

Square root (AVE)	CONFUCIANISM	CONFU_FUTURE	CONFU_PASTP	MACHIAVELLISM	M_AMORAL	M_CONTROL	M_DISTRUST	M_STATUS	N_CONTROL	N_NONCON	N_SOLUTION	SA_APP	SA_COMPLEX	SA_COMPLEX_APP	SA_CYNISM	S_COLL	S_COLL_PDIST	S_INDIVID	S_PDIST
CONFUCIANISM	0.556																		
CONFU_FUTURE	0.736	0.685																	
CONFU_PASTP	0.839	0.248	0.727																
MACHIAVELLISM	-0.128	0.065	-0.234	0.546															
M_AMORAL	-0.328	-0.244	-0.278	0.272	0.732														
M_CONTROL	-0.073	0.126	-0.203	0.784	-0.053	0.841													
M_DISTRUST	-0.339	-0.206	-0.321	0.657	0.435	0.237	0.783												
M_STATUS	0.134	0.227	0.009	0.832	0.061	0.534	0.346	0.823											
N_CONTROL	-0.205	0.047	-0.326	0.560	0.129	0.547	0.296	0.408	0.912										
N_NONCON	0.306	0.307	0.188	-0.008	-0.094	-0.048	-0.085	0.123	-0.181	0.911									
N_SOLUTION	0.388	0.399	0.233	0.054	-0.175	0.085	-0.119	0.169	-0.064	0.902	0.744								
S_COLL	0.379	0.399	0.223	0.118	-0.227	0.231	-0.128	0.179	0.107	0.503	0.827	0.799							
SA_APP	0.350	0.395	0.185	0.300	-0.223	0.306	-0.017	0.416	0.234	0.259	0.362	0.386	0.791						
SA_COMPLEX	0.243	0.194	0.188	0.305	0.009	0.180	0.193	0.343	0.031	0.259	0.310	0.283	0.361	0.888					
SA_COMPLEX_APP	0.350	0.342	0.225	0.366	-0.113	0.284	0.121	0.453	0.146	0.314	0.403	0.397	0.776	0.868	0.696				
SA_CYNISM	0.177	0.123	0.153	0.208	-0.148	0.190	0.068	0.260	-0.099	0.282	0.342	0.317	0.269	0.329	0.365	0.609			
S_COLL	0.419	0.438	0.246	-0.116	-0.260	-0.008	-0.289	0.036	-0.220	0.204	0.232	0.199	0.232	0.109	0.197	0.088	0.793		
S_COLL_PDIST	0.557	0.575	0.332	-0.079	-0.233	0.038	-0.236	0.134	-0.102	0.294	0.340	0.298	0.316	0.206	0.308	0.127	0.824	0.628	
S_INDIVID	-0.166	0.150	-0.354	0.435	0.078	0.460	0.192	0.315	0.576	-0.053	0.026	0.121	0.195	-0.018	0.092	-0.039	-0.104	-0.022	0.802
S_PDIST	0.441	0.448	0.267	0.097	-0.078	0.076	-0.046	0.188	0.101	0.252	0.297	0.267	0.258	0.220	0.287	0.109	0.702	0.094	0.855

5.4: Discriminant Validity - Fornell-Larcker Criterion

The square root of the AVE of each construct should be higher than the construct's highest correlation with any other construct in the model. The Fornell-Larcker criterion does not apply to the correlations between second-level constructs and their first-level related constructs. The result is the Fornell-Larcker criterion is fully met. Discriminant validity is given.

Figure 68: Path Coefficients - 'Chinese' Model (N=99)

Table 10.4: Negotiation Style Drivers - 'Chinese'

Main Drivers of Negotiation Styles		
S_INDIVID	N_CONTROL	0.36
MACHIAVELLIANISM	N_CONTROL	0.48
SA_CYNISM	N_SOLNONCON	0.36
CONFUCIANISM	N_SOLNONCON	0.39

With $R^2 = 50\%$ N_CONTROL is better explained than N_SOLNONCON with $R^2 = 34\%$.

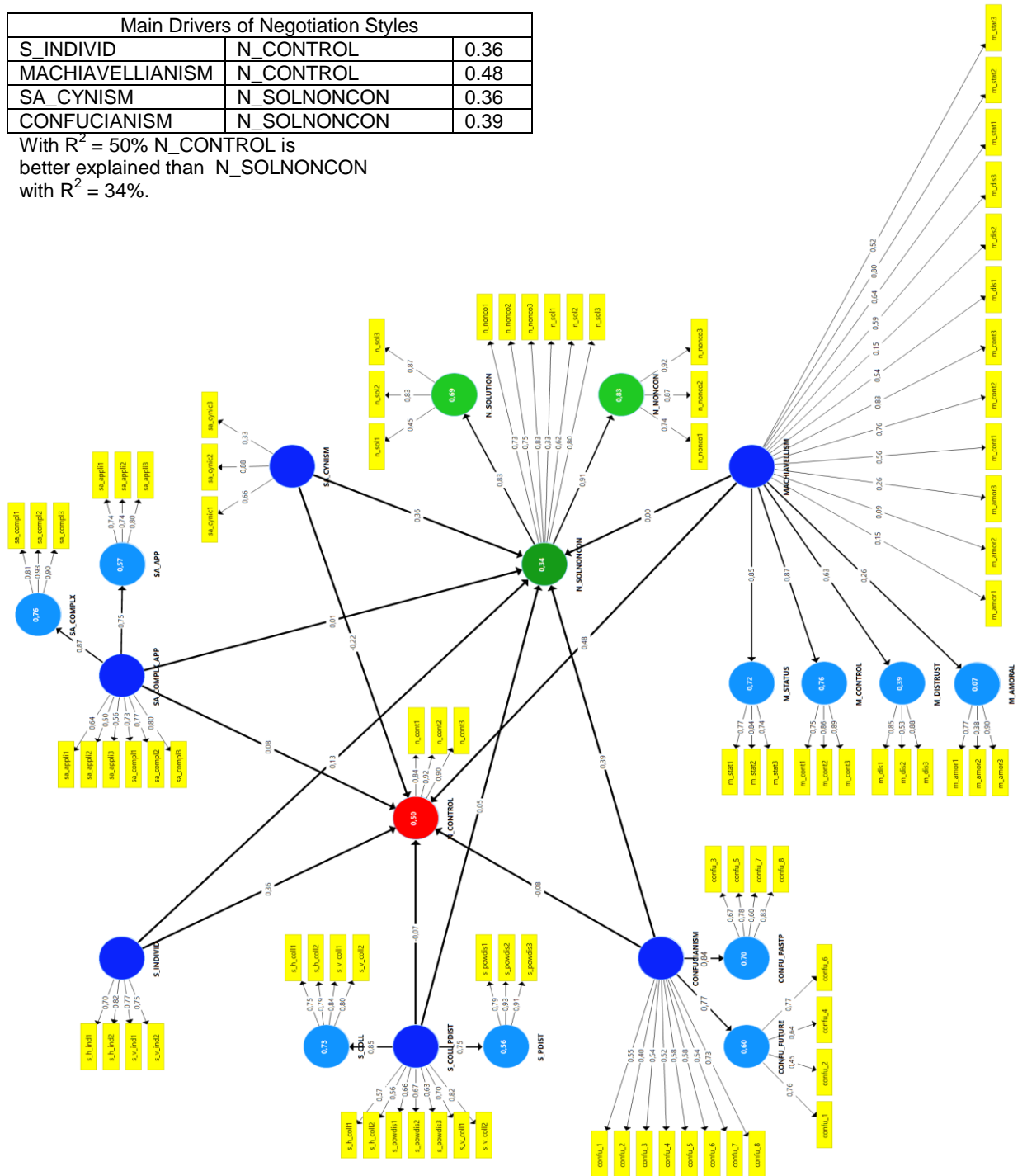
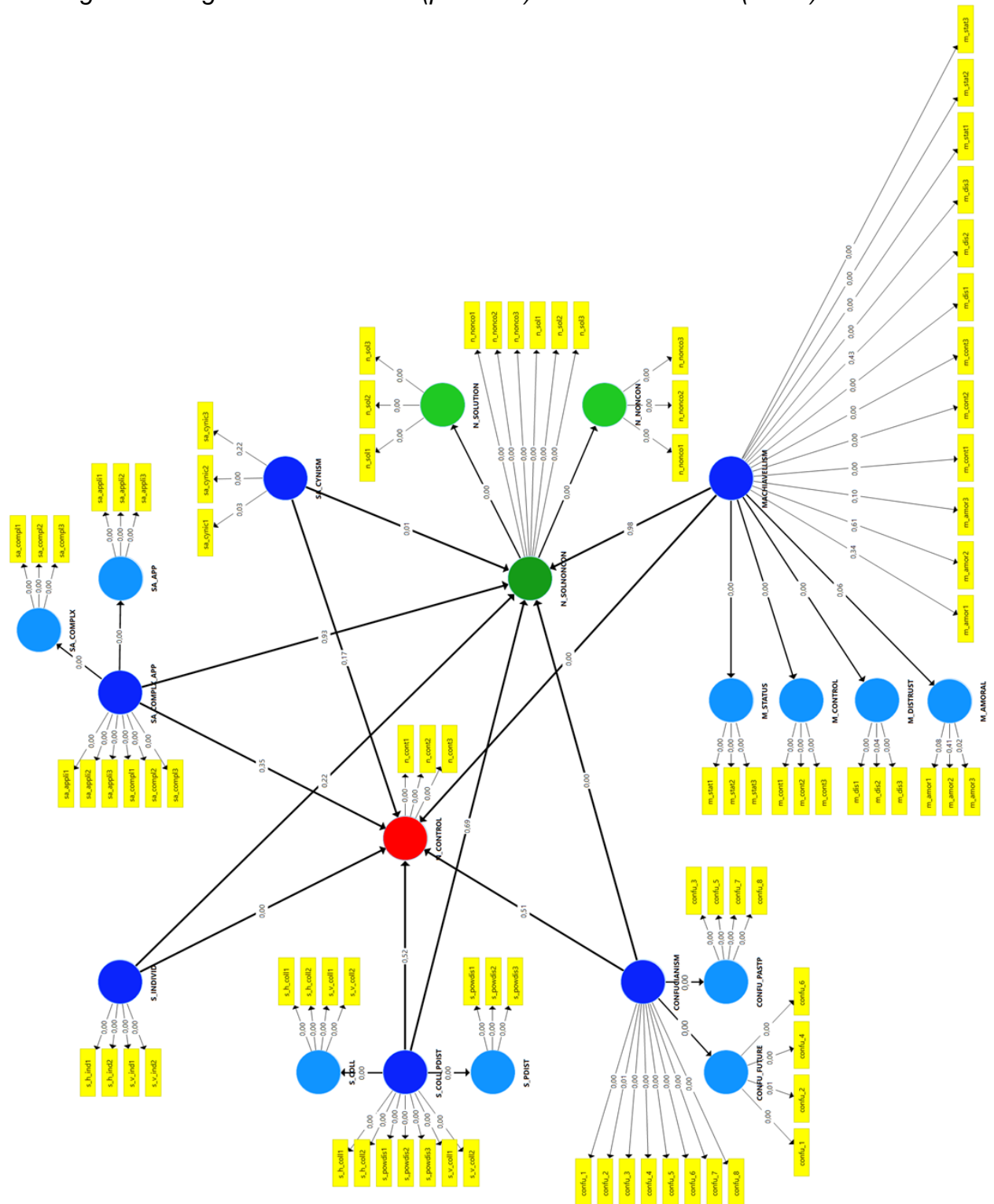


Figure 69: Significance of Paths (p values) - 'Chinese' Model (N=99)



5.5 Outer Model (Measurement Model) Results ‘Chinese’ (N=99)

Almost all paths from constructs to indicators have p values less than 0.05. That means the 95% confidence intervals of the corresponding path coefficients do not include the value zero, that is, these hypothetical paths do exist. There is an exception to this found amongst the social axioms. SA_CYNIC3 with a path coefficient of 0.22 is below the threshold of acceptance. M_AMOR2 with a path coefficient of 0.41 is below the threshold of acceptance for the M_AMORAL latent variable. Finally, M_AMOR1 ($p=0.34$), M_AMOR2 ($p=0.61$), M_AMOR3 ($p=0.10$) and M_DIST2 ($p=0.43$) also fall below the threshold of acceptability for the Machiavellianism latent variable and do not adequately fit the proposed model as employed for Chinese PE professionals preferred negotiating styles. For the ‘Chinese’ model without the variables and paths found to be inadequate for Chinese PE professionals preferred negotiating styles see section 5.12 Revised Models for Chinese PE Professionals.

5.6 Inner Model (Measurement Model) Results ‘Chinese’ (N=99)

The following paths in the below table do not exist.

Table 10.5: Invalid Paths - ‘Chinese’ Model (N=99)

Variable	Negotiation Style	p Value
S_COLL_PDIST	N_CONTROL	0.52
S_COLL_PDIST	N_SOLNONCON	0.69
CONFUCIANISM	N_CONTROL	0.51
SA_COMPLX_APP	N_CONTROL	0.35
SA_COMPLX_APP	N_SOLNONCON	0.93
S_INDIVID	N_SOLNONCON	0.22
MACHIAVELLIANISM	N_SOLNONCON	0.98

SA_COMPLX_APP and S_COLL_PDIST do not have any impact at all on ‘Chinese’ negotiation style. For the ‘Chinese’ model without the variables and paths found to be inadequate for Chinese PE professionals preferred negotiating styles see section 5.12 ‘Revised Models for Chinese PE Professionals’.

Figure 70: Construct Reliability and Validity (AVE) - 'Chinese' Model (N=99)

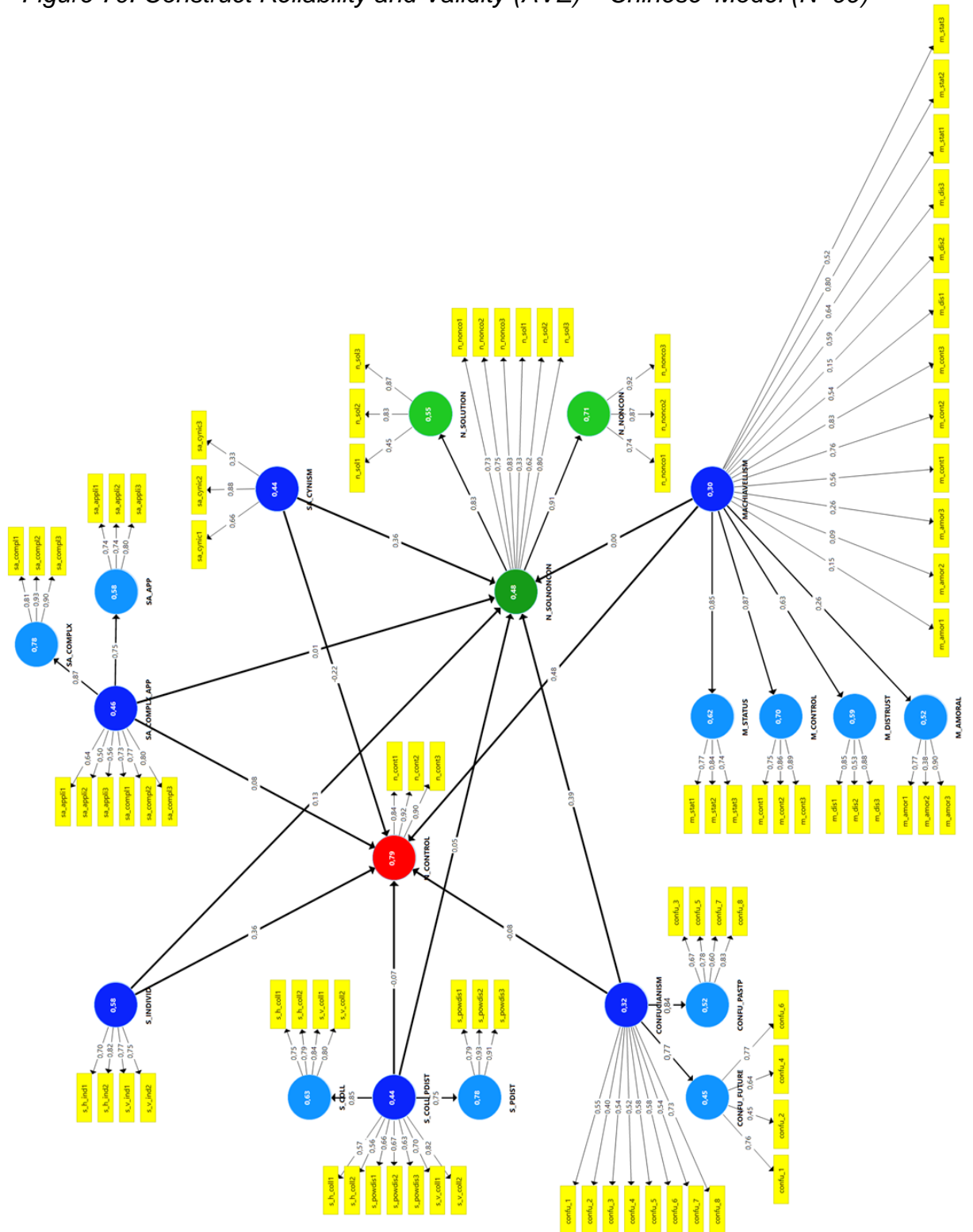


Table 10.6: Construct Reliability and Validity - 'Chinese' Model (N=99)

Chinese	Internal Consistency	Convergent Validity
	Composite Reliability	Average Variance Extracted (AVE)
CONFUCIANISM	0.783	0.316
CONFU_FUTURE	0.757	0.448
CONFU_PASTP	0.813	0.524
MACHIAVELLISM	0.807	0.305
M_AMORAL	0.743	0.515
M_CONTROL	0.875	0.701
M_DISTRICT	0.806	0.591
M_STATUS	0.828	0.617
N_CONTROL	0.918	0.789
N_NONCON	0.880	0.712
N_SOLNONCON	0.842	0.484
N_SOLUTION	0.773	0.547
SA_APP	0.805	0.579
SA_COMPLX	0.913	0.778
SA_COMPLX_APP	0.830	0.456
SA_CYNISM	0.677	0.442
S_COLL	0.873	0.634
S_COLL_PDIST	0.845	0.442
S_INDIVID	0.848	0.584
S_PDIST	0.912	0.776

Composite reliability is excellent. The only exception is SA_CYNISM. Convergent validity for some constructs, especially MACHIAVELLIANISM and CONFUCIANISM leaves something to be desired. Cronbach alphas were calculated in SPSS and are shown in Chapter 4 in sections 4.9 through 4.13.

Table 10.7: Discriminant Validity - 'Chinese' Model (N=99)

Chinese Square root (AVE)	CONFUCIANISM	CONFU_FUTURE	CONFU_PASTP	MACHIAVELLISM	M_AMORAL	M_CONTROL	M_DISTRICT	M_STATUS	N_CONTROL	N_NONCON	N_SOLUTIONCON	N_SOLUTION	SA_APP	SA_COMPLEX	SA_COMPLEX_APP	SA_CYNISM	S_COLL	S_COLL_PDIST	S_INDIVID	S_PDIST
CONFUCIANISM	0.562																			
CONFU_FUTURE	0.773	0.669																		
CONFU_PASTP	0.836	0.299	0.724																	
MACHIAVELLISM	-0.258	-0.264	-0.154	0.552																
M_AMORAL	-0.408	-0.384	-0.283	0.259	0.718															
M_CONTROL	-0.244	-0.238	-0.155	0.870	0.043	0.837														
M_DISTRICT	-0.352	-0.304	-0.265	0.626	0.311	0.329	0.769													
M_STATUS	0.034	-0.030	0.083	0.849	0.068	0.662	0.317	0.785												
N_CONTROL	-0.343	-0.296	-0.248	0.555	0.193	0.506	0.313	0.448	0.888											
N_NONCON	0.361	0.313	0.268	0.026	-0.039	0.013	-0.008	0.061	-0.060	0.844										
N_SOLUTIONCON	0.423	0.392	0.297	0.083	-0.067	0.080	-0.045	0.152	0.061	0.913	0.696									
N_SOLUTION	0.388	0.388	0.253	0.137	-0.083	0.148	-0.081	0.231	0.206	0.536	0.833	0.740								
SA_APP	0.325	0.319	0.219	0.263	-0.215	0.226	0.061	0.375	0.170	0.269	0.385	0.432	0.761							
SA_COMPLEX	0.165	0.096	0.167	0.323	-0.073	0.252	0.179	0.369	0.114	0.012	0.107	0.205	0.330	0.882						
SA_COMPLEX_APP	0.286	0.234	0.232	0.361	-0.162	0.291	0.156	0.451	0.170	0.150	0.277	0.371	0.753	0.870	0.675					
SA_CYNISM	0.109	0.045	0.122	0.429	0.022	0.408	0.210	0.395	0.051	0.453	0.420	0.251	0.283	0.334	0.378	0.665				
S_COLL	0.500	0.503	0.319	-0.280	-0.357	-0.180	-0.379	-0.089	-0.394	0.173	0.237	0.256	0.189	0.055	0.137	-0.032	0.796			
S_COLL_PDIST	0.642	0.605	0.448	-0.318	-0.406	-0.233	0.413	-0.082	-0.319	0.186	0.256	0.281	0.237	0.063	0.169	-0.041	0.853	0.665		
S_INDIVID	-0.267	-0.064	-0.342	0.273	-0.052	0.282	0.122	0.244	0.507	-0.032	0.062	0.171	0.217	-0.039	0.087	0.115	-0.202	-0.189	0.764	
S_PDIST	0.539	0.467	0.417	-0.227	-0.288	-0.199	-0.275	-0.038	-0.082	0.120	0.168	0.188	0.191	0.043	0.132	-0.036	0.289	0.745	-0.090	0.881

5.7: Discriminant Validity - Fornell-Larcker Criterion

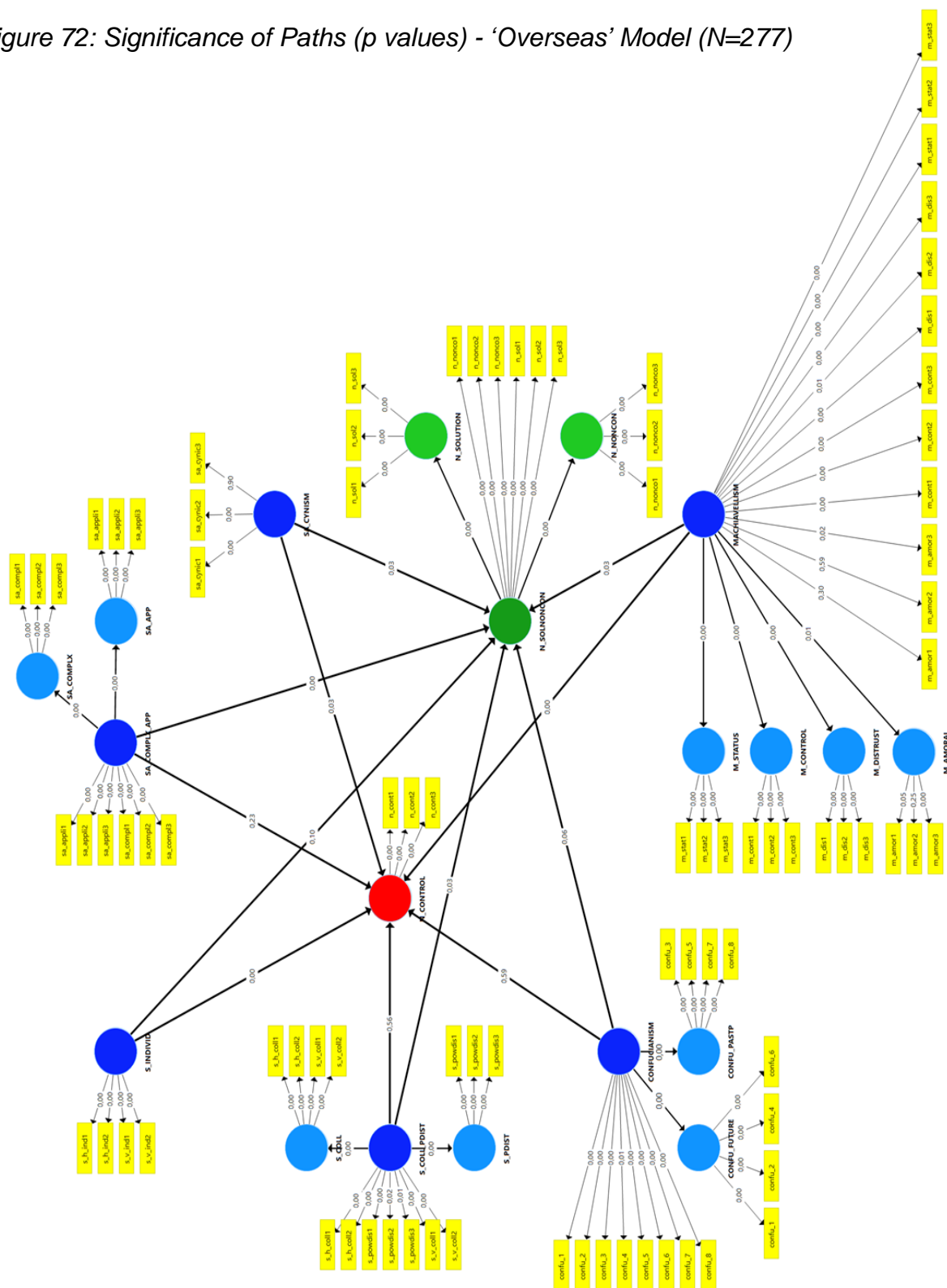
The square root of the AVE of each construct should be higher than the construct's highest correlation with any other construct in the model. First order and second order constructs are given in the table above. The second order constructs are the more significant in the model as they relate to the preferred negotiation style and are the main constructs. The Fornell-Larcker criterion does not apply to the correlations between second-level constructs and their first-level related constructs. The Fornell-Larcker criterion is met with two minor exceptions shown in the yellow highlighted cells above. Discriminant validity is given.

Table 10.8: Negotiation Style Drivers - ‘Overseas’

With $R^2 = 46\%$ N_CONTROL is better explained than N_SOLNONCON with $R^2 = 31\%$.



Figure 72: Significance of Paths (p values) - 'Overseas' Model (N=277)



5.8 Outer Model (Measurement Model) Results ‘Overseas’ (N=277)

Almost all paths from constructs to indicators have p values less than 0.05. That means the 95%-confidence intervals of the corresponding path coefficients do not include the value zero. That is, these hypothetical paths do actually exist. There is an exception to this found amongst the social axioms. SA_CYNIC3 with a path coefficient of 0.99 is below the threshold of acceptance. M_AMOR2 with a path coefficient of 0.25 is below the threshold of acceptance for the M_AMORAL latent variable. Finally, M_AMOR1 (p=0.30) and M_AMOR2 (p=0.59) also fall below the threshold of acceptability for the Machiavellianism latent variable and do not adequately fit the proposed model. For the ‘Overseas’ model without the variables and paths found to be inadequate for Chinese PE professionals preferred negotiating styles see section 5.12 ‘Revised Models for Chinese PE Professionals’.

5.9 Inner Model (Measurement Model) Results ‘Overseas’ (N=277)

The following paths do not exist:

Table 10.9: Invalid Paths - ‘Overseas’ Model (N=277)

Variable	Negotiation Style	p Value
S_COLL_PDIST	N_CONTROL	0.56
CONFUCIANISM	N_CONTROL	0.59
SA_COMPLX_APP	N_CONTROL	0.23
S_INDIVID	N_SOLNONCON	0.10

All factors have an impact on Overseas’ negotiation styles. For the ‘Overseas’ model without the variables and paths found to be inadequate for Chinese PE professionals preferred negotiating styles see section 5.12 ‘Revised Models for Chinese PE Professionals’.

Figure 73: Construct Reliability and Validity (AVE) - 'Overseas' Model (N=277)

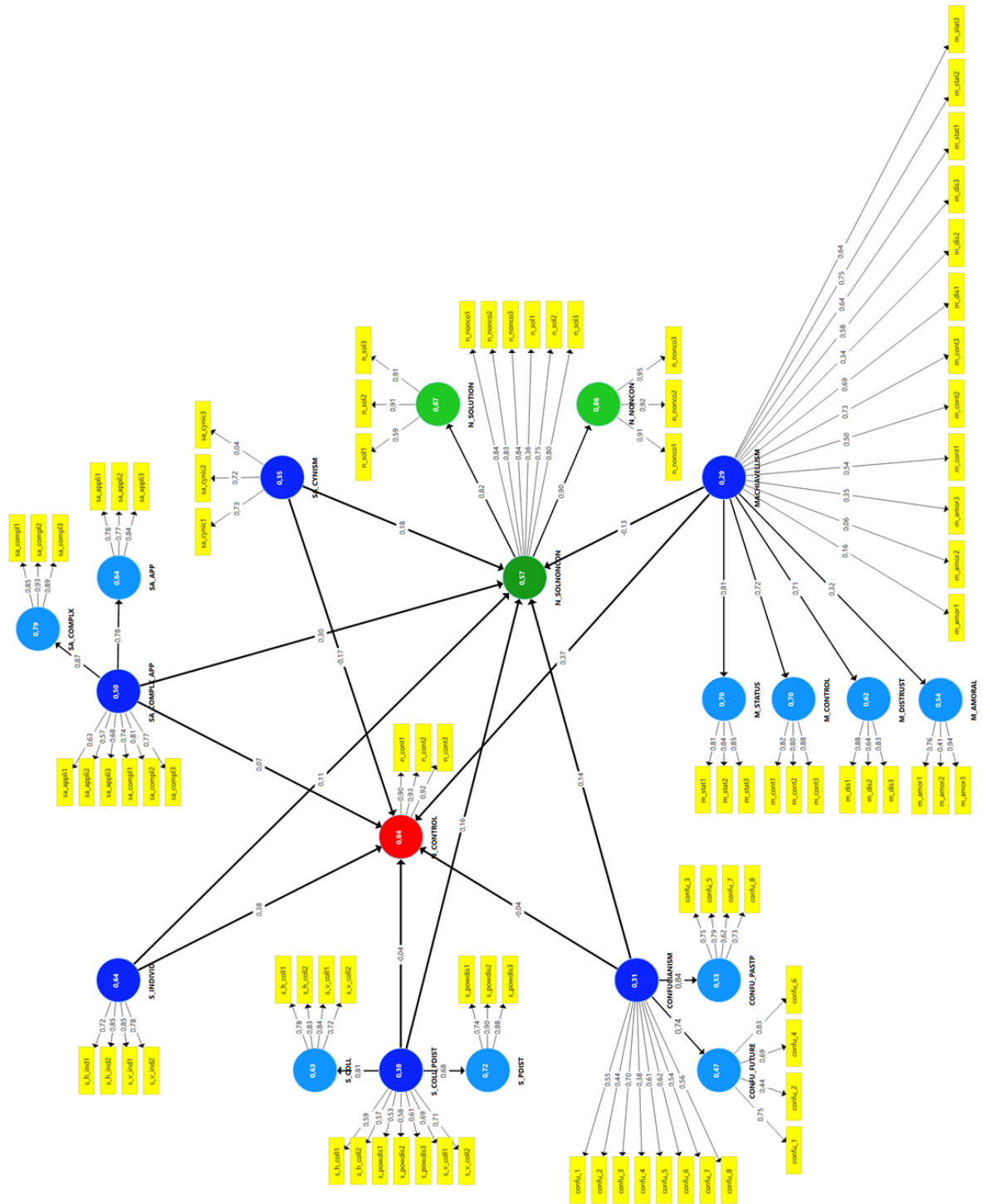


Table 10.10: Construct Reliability and Validity - 'Overseas' Model (N=277)

Overseas	Internal Consistency	Convergent Validity
	Composite Reliability	Average Variance Extracted (AVE)
CONFUCIANISM	0.778	0.311
CONFU_FUTURE	0.775	0.474
CONFU_PASTP	0.818	0.530
MACHIAVELLISM	0.808	0.294
M_AMORAL	0.766	0.544
M_CONTROL	0.875	0.700
M_DISTRUST	0.829	0.623
M_STATUS	0.873	0.697
N_CONTROL	0.940	0.838
N_NONCON	0.949	0.861
N_SOLNONCON	0.884	0.572
N_SOLUTION	0.853	0.667
SA_APP	0.841	0.638
SA_COMPLX	0.920	0.793
SA_COMPLX_APP	0.854	0.497
SA_CYNISM	0.531	0.350
S_COLL	0.872	0.630
S_COLL_PDIST	0.807	0.377
S_INDIVID	0.877	0.641
S_PDIST	0.883	0.716

Composite reliability is excellent with the only exception being SA_CYNISM. Furthermore, convergent validity for some constructs, especially MACHIAVELLIANISM and CONFUCIANISM is low. Cronbach alphas were calculated in SPSS and are shown in Chapter 4 under 'Reliability' in sections 4.9 - 4.13.

Table 10.11: Discriminant Validity - 'Overseas' Model (N=277)

Overseas Square root (AVE)	CONFUCIANISM	CONFU_FUTURE	CONFU_PASTP	MACHIAVELLISM	M_AMORAL	M_CONTROL	M_DISTRUST	M_STATUS	N_CONTROL	N_NONCON	N_NONCONCON	N_SOLUTION	SA_APP	SA_COMPLEX	SA_COMPLEX_APP	SA_CYNISM	S_COLL	S_COLL_PDIST	S_INDIVID	S_PDIST
CONFUCIANISM	0.557																			
CONFU_FUTURE	0.743	0.689																		
CONFU_PASTP	0.836	0.254	0.728																	
MACHIAVELLISM	-0.098	0.152	-0.268	0.542																
M_AMORAL	-0.302	-0.196	-0.281	0.317	0.738															
M_CONTROL	-0.009	0.244	-0.211	0.722	-0.077	0.837														
M_DISTRUST	-0.343	-0.180	-0.352	0.712	0.484	0.223	0.789													
M_STATUS	0.169	0.305	-0.007	0.813	0.056	0.467	0.374	0.835												
N_CONTROL	-0.166	0.129	-0.343	0.546	0.113	0.549	0.305	0.377	0.916											
N_NONCON	0.292	0.309	0.166	-0.017	-0.120	-0.057	-0.112	0.150	-0.205	0.928										
N_NONCONCON	0.382	0.407	0.216	0.039	-0.214	0.099	-0.149	0.183	-0.088	0.901	0.757									
N_SOLUTION	0.383	0.411	0.217	0.100	-0.272	0.273	-0.153	0.172	0.091	0.496	0.824	0.817								
SA_APP	0.367	0.413	0.192	0.263	-0.241	0.304	-0.056	0.406	0.225	0.274	0.372	0.387	0.799							
SA_COMPLEX	0.272	0.235	0.196	0.299	0.034	0.158	0.195	0.338	0.003	0.331	0.371	0.310	0.379	0.890						
SA_COMPLEX_APP	0.376	0.376	0.233	0.340	-0.105	0.267	0.101	0.442	0.122	0.367	0.446	0.413	0.784	0.872	0.705					
SA_CYNISM	0.233	0.181	0.188	0.111	-0.232	0.113	-0.009	0.223	-0.162	0.253	0.338	0.346	0.295	0.345	0.388	0.591				
S_COLL	0.394	0.413	0.232	0.074	-0.224	0.052	-0.257	0.068	-0.179	0.219	0.238	0.190	0.239	0.128	0.213	0.128	0.794			
S_COLL_PDIST	0.535	0.576	0.299	0.078	-0.164	0.156	-0.171	0.213	-0.036	0.335	0.376	0.313	0.348	0.264	0.362	0.198	0.815	0.614		
S_INDIVID	-0.143	0.178	-0.351	0.457	0.123	0.488	0.233	0.300	0.575	-0.047	0.029	0.120	0.138	-0.020	0.060	-0.105	-0.100	0.021	0.801	
S_PDIST	0.417	0.464	0.217	0.229	0.002	0.208	0.033	0.278	0.168	0.294	0.340	0.295	0.293	0.289	0.349	0.177	0.129	0.680	0.165	0.946

5.10 Discriminant Validity - Fornell-Larcker Criterion

The square root of the AVE of each construct should be higher than the construct's highest correlation with any other construct in the model. The Fornell-Larcker criterion does not apply to the correlations between second-level constructs and their first-level related constructs. The Fornell-Larcker criterion is met with one minor exception, highlighted in yellow above. Discriminant validity is given.

5.11 Comparison of Models - 'Chinese' vs. 'Overseas'

Table 10.12: Comparison of Models - 'Chinese' vs. 'Overseas'

	Path Coefficients-diff (Chinese - Overseas)	p-Value (Chinese vs Overseas)
CONFUCIANISM -> CONFU_FUTURE	0.030	0.335
CONFUCIANISM -> CONFU_PASTP	0.000	0.509
CONFUCIANISM -> N_CONTROL	0.036	0.603
CONFUCIANISM -> N_SOLNONCON	0.245	0.029
MACHIAVELLISM -> M_AMORAL	0.058	0.628
MACHIAVELLISM -> M_CONTROL	0.149	0.046
MACHIAVELLISM -> M_DISTRICT	0.085	0.781
MACHIAVELLISM -> M_STATUS	0.036	0.209
MACHIAVELLISM -> N_CONTROL	0.111	0.206
MACHIAVELLISM -> N_SOLNONCON	0.136	0.155
N_SOLNONCON -> N_NONCON	0.013	0.252
N_SOLNONCON -> N_SOLUTION	0.009	0.386
SA_COMPLX_APP -> N_CONTROL	0.012	0.445
SA_COMPLX_APP -> N_SOLNONCON	0.291	0.985
SA_COMPLX_APP -> SA_APP	0.031	0.671
SA_COMPLX_APP -> SA_COMPLX	0.002	0.492
SA_CYNISM -> N_CONTROL	0.049	0.640
SA_CYNISM -> N_SOLNONCON	0.177	0.088
S_COLL_PDIST -> N_CONTROL	0.031	0.604
S_COLL_PDIST -> N_SOLNONCON	0.116	0.797
S_COLL_PDIST -> S_COLL	0.039	0.268
S_COLL_PDIST -> S_PDIST	0.065	0.370
S_INDIVID -> N_CONTROL	0.020	0.577
S_INDIVID -> N_SOLNONCON	0.023	0.414

5.11.1 Results

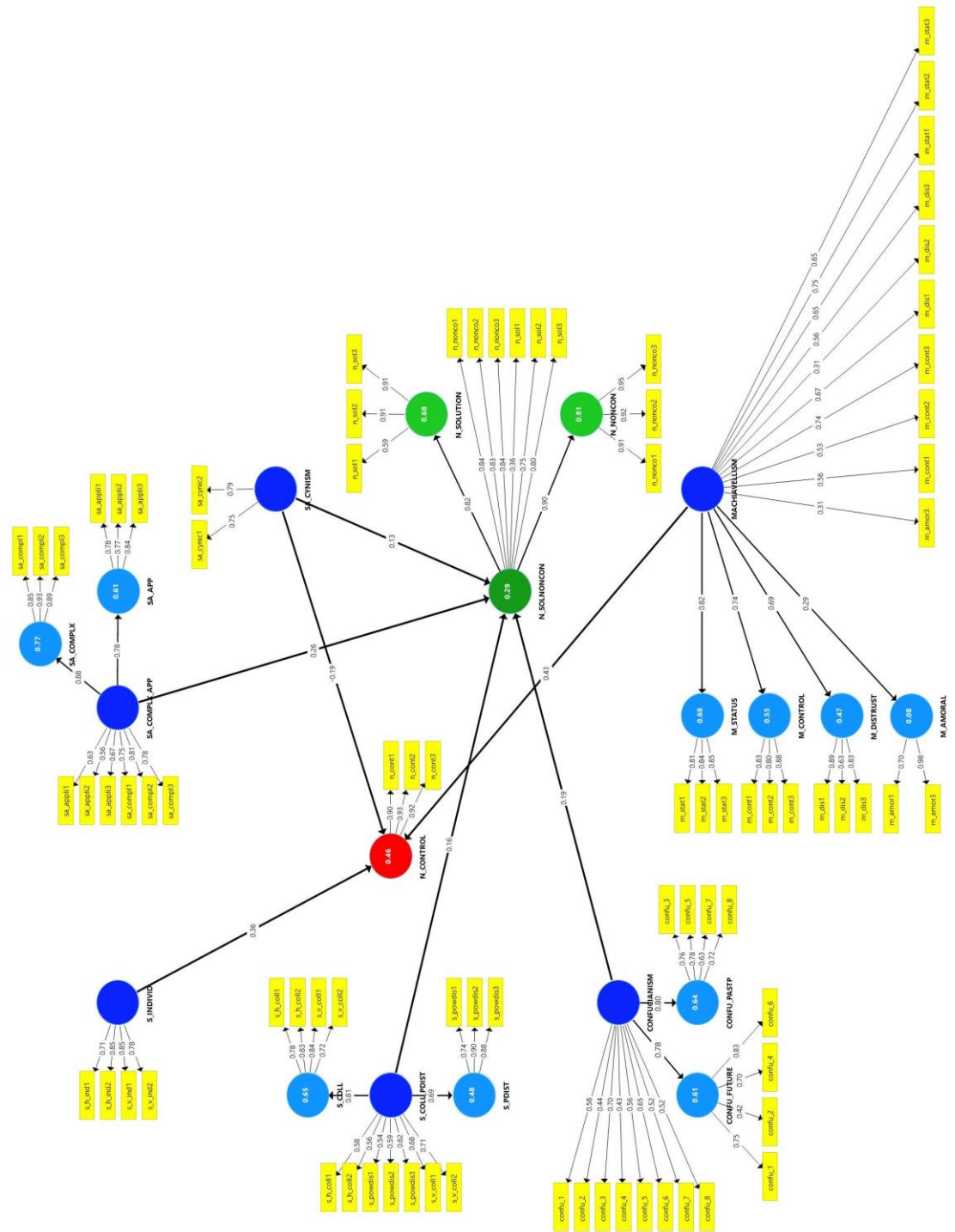
The table above presents a comparison of the results of the PLS-SEM FOR 'Chinese' and 'Overseas' to see if there are any significant differences on a path by path basis. Two significant differences were found which are highlighted in the peach colour and which therefore demonstrates that the overseas experience has had a significant impact. These are the paths: Confucianism to solution-orientated and non-confrontational negotiation styles, and secondly Machiavellianism to the controlling negotiation style. These results strongly indicate the continued importance of Confucianism to those who

lack exposure to Anglo-Saxon culture by going to Anglo-Saxon countries and an increase in Machiavellianism for those who have.

5.12 Revised Models for Chinese PE Professionals

The model as proposed in Figure 1 (Chapter 3) requires some revisions for Chinese PE professionals, according to the data, based on the results of the survey. Figures 74 and 75 show the two PLS-SEM models for Chinese PE professionals: The 'Chinese' and 'Overseas' models employ the variables and paths that were found to have validity, according to the criteria specified in Chapter 3 section 3.17.4, and as recommended by Ringle *et al.* (2015). In the models the invalid variables and paths are removed.

Figure 74: Path Coefficients - Revised 'Chinese' Model (N=99)



5.12.1 Revised 'Chinese' Model - Significance of Paths (p-values)

5.12.1.1 Outer Model (Measurement Model)

As mentioned in section 5.5 almost all paths from constructs to indicators have p-values less than 0.05. That means the 95%-confidence intervals of the corresponding path coefficients do not include the value zero, that is, these hypothetical paths do actually exist. The exceptions are listed in Table 11 below.

Table 11: Invalid Paths - Revised 'Chinese' Model (Outer) (N=99)

Variable	Variable	p Value
SA_CYNIC3		0.22
M_AMOR2	M_AMORAL	0.41
M_AMOR1	MACHIAVELLISM	0.34
M_AMOR2	MACHIAVELLISM	0.61
M_AMOR3	MACHIAVELLISM	0.10
M_DIST2	MACHIAVELLISM	0.43

5.12.1.2 Inner Model (Structural Model)

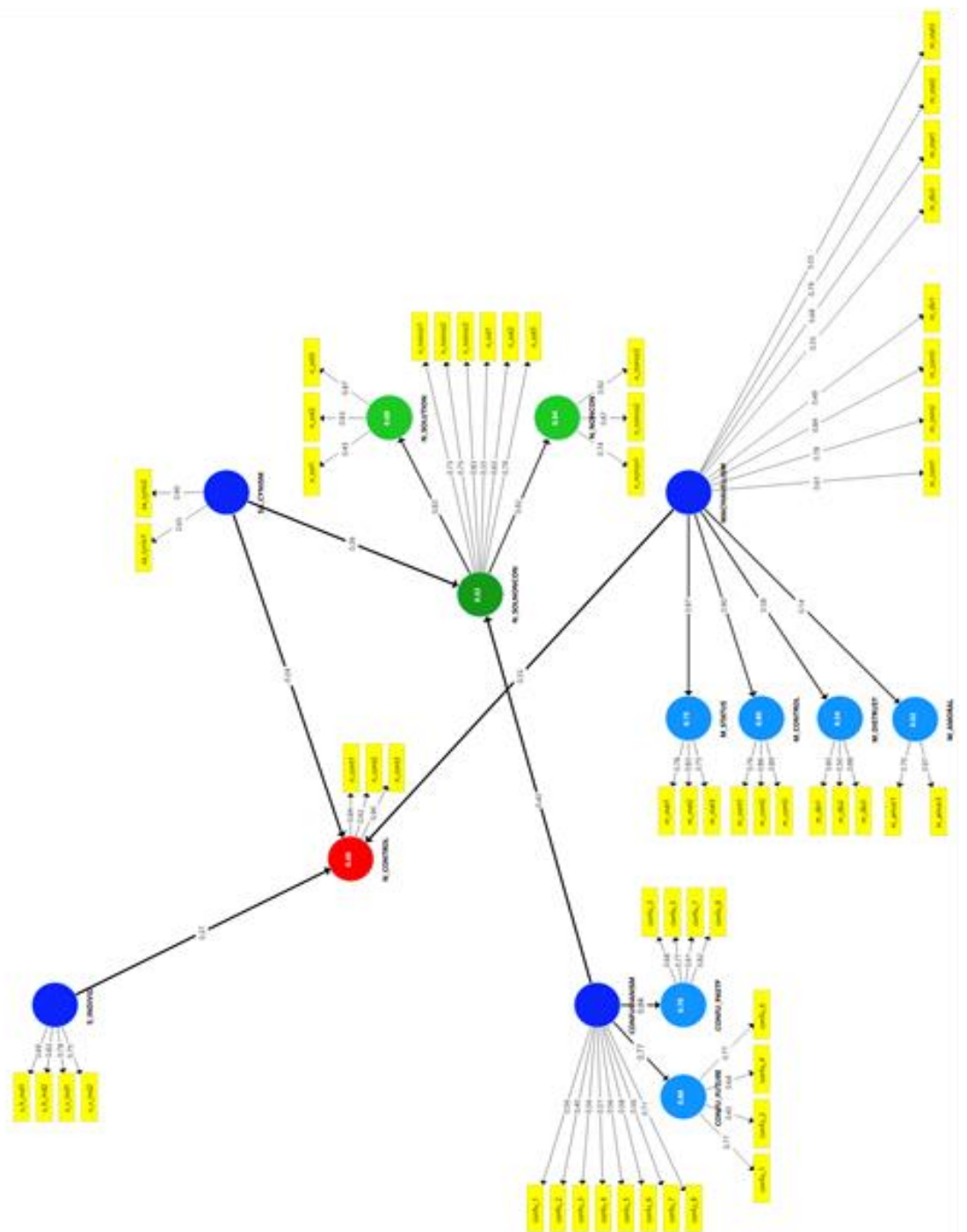
The following paths in the below table do not exist.

Table 11.1: Invalid Paths - Revised 'Chinese' Model (Inner) (N=99)

Variable	Negotiation Style	p Value
S_COLL_PDIST	N_CONTROL	0.52
S_COLL_PDIST	N_SOLNONCON	0.69
CONFUCIANISM	N_CONTROL	0.51
SA_COMPLX_APP	N_CONTROL	0.35
SA_COMPLX_APP	N_SOLNONCON	0.93
S_INDIVID	N_SOLNONCON	0.22
MACHIAVELLIANISM	N_SOLNONCON	0.98

SA_COMPLX_APP and S_COLL_PDIST do not have any impact at all on Chinese' negotiation styles.

Figure 75: Path Coefficients - Revised 'Overseas' Model
(N=277)



5.12.2 Revised 'Overseas' Model - Significance of Paths (p-values)

5.12.2.1 Outer Model (Measurement Model)

As mentioned in section 5.8 almost all paths from constructs to indicators have p-values less than 0.05. That means the 95%-confidence intervals of the corresponding path coefficients do not include the value zero, that is, these hypothetical paths do actually exist. The exceptions are listed in the table below:

Table 11.2: Invalid Paths - Revised 'Overseas' Model (Outer) (N=277)

Variable	Variable	p Value
SA_CYNIC3		0.90
M_AMOR2	M_AMORAL	0.25
M_AMOR1	MACHIAVELLISM	0.30
M_AMOR2	MACHIAVELLISM	0.59

5.12.2.2 Inner Model (Structural Model)

The following paths in the table below do not exist:

Table 11.3: Invalid Paths - Revised 'Overseas' Model (Inner) (N=277)

Variable	Negotiation Style	p Value
S_COLL_PDIST	N_CONTROL	0.56
CONFUCIANISM	N_CONTROL	0.59
SA_COMPLX_APP	N_CONTROL	0.23
S_INDIVID	N_SOLNONCON	0.10

All factors have an impact on 'Overseas' negotiation styles.

Chapter 6: Discussion and Conclusions

6.1 Introduction

This chapter provides the conclusions to the research problem with an analysis of the responses to the survey, and to what extent these support the two sets of hypotheses. The implications of the study for theory and practice are discussed, the introduction of a new capability: 'the relationships capability', the limitations of the study are considered, and directions for future research are proposed.

In the study the important informal institutions for businesses in China are identified and why and how they are important is examined. The study also identifies the important social psychological variables, the relationships between these, and how these relate to preferred negotiation styles across a particular group, that of Chinese PE professionals in China and Hong Kong. The differences in the social psychological profiles and preferred negotiation styles of Chinese PE professionals who have worked or studied abroad in Anglo-Saxon countries and those who have not had this experience are assessed. The study uses a survey approach, and the results are analysed using statistics. PLS-SEM is used to provide a model for measuring social psychological dimensions and negotiating styles, and the software selected to do this was 'SmartPLS 3'.

6.2 The Results

The hypotheses are presented in Chapter 1 and 3, survey questions are presented in Chapter 3, the statistical analyses of the results of these are in Chapter 4, the PLS-SEM is in Chapter 5, and a copy of the survey that was posted is presented in Appendix A. The tables below highlight the most important results from the survey and these are immediately following.

Table 12: Means, Cronbach Alphas, and Principal Component Rotations

Variable	Means	Cronbach Alpha	Principal Component Rotation - N of Components
	'Overall' 'Chinese' 'Overseas'		
VERIND	High	Acceptable	One Component
HORIND	High		
VERCOLL	High	Acceptable	One Component
HORCOLL	High		
POWDIS	High	Acceptable	One Component
CONFU1	High	CONFUFUTURE is Low CONFUPASTP is Acceptable	Three components for all the CONFUCIAN variables, CONFU4 CONFU6 and CONFU1 forming one CONFU8 and CONFU5 a second CONFU7 CONFU2 CONFU3 a third.
CONFU2	High		
CONFU3	High		
CONFU4	High		
CONFU5	Low		
CONFU6	High		
CONFU	High		
CONFU8	Low		
CONFUCIANISM		Low	
MACHAMOR	Low	Low	Three components: MACSTATUS1 MACHCONTROL3 MACHCONTROL2 MACSTATUS3, MACHCONTROL1
MACHCONTROL	High	Acceptable	

MACSTATUS	V High	Acceptable	MACSTATUS2 forming one component MACDISTRUST1, MACDISTRUST3, MACDISTRUST2 and possibly MACHAMOR3 (very low correlation) forming a second MACHAMOR3 (very low correlation) MACHAMOR2 MACHAMOR1 a third
MACDISTRUST	Low	Borderline Acceptable	
MACHIAVELLIANISM			
SACYNIC	Moderate to Low	Very Low	SACOMPLEX2 SACOMPLEX3 SACOMPLEX1 forming one SAAPPLIC3 SAAPPLIC2, SAAPPLIC1 forming a second SACYNIC1 SACYNIC2 SACYNIC3 forming a third
SACOMPLEX	Moderate	Acceptable	
SAAPPLIC	High	Borderline Acceptable	
NEGCONTROL	Moderate	Acceptable	Three components: NEGNONCON3 NEGNONCON2 NEGNONCON1 forming one NEGCONTROL3 NEGCONTROL2 NEGCONTROL1 forming a second NEGSOL1 NEGSOL2 NEGSOL3 forming a third
NEGSOL	High	Borderline Acceptable	
NEGNONCON	High	Acceptable	

Note: In Table 12 the statistical means for 'Overall', 'Chinese', and 'Overseas' are summarised. The data for these is given in the bar charts in Chapter 4 in the relevant sections on values and beliefs are indicted' and the means for 'Chinese' (those who have not worked or studied overseas in an Anglo-Saxon country), and 'Overseas' (those who have worked or studied overseas in an Anglo-Saxon country) are provided in tables in the same

sections. In Chapter 4 the 'Overall' means are based on data without imputed values, whereas the means for 'Overseas' and 'Chinese' are based on data that includes imputed data. Cronbach alphas are presented in Chapter 4 in the relevant sections on values and beliefs and in the Table 12 it is recorded whether the Cronbach alpha scores are acceptable or too low. Principal component analyses tables are also shown in Chapter 4 and the summary in Table 12 reports that the component variables fitted well, overall.

Table 13: Significant Differences in Dimensions between 'Chinese' and 'Overseas'

Test Statistics ^a				
	Mann-Whitney U	Wilcoxon W	Z	Asymp. Sig (2-tailed)
HORIND1	9231.000	14181.000	-5.193	.000
HORIND2	9390.5000	14340.500	-5.068	.000
VERIND1	11805.000	16755.000	-2.148	.032
VERIND2	10706.500	15656.500	-3.515	.000
HORCOLL1	12928.000	17878.000	-.956	.339
HORCOLL2	13576.000	18526.000	-.161	.872
VERCOLL1	11795.500	16745.500	-2.294	.022
VERCOLL2	12994.000	17944.000	-.836	.403
POWDIST1	13533.000	52036.000	-.210	.834
POWDIS2	13354.500	18304.500	-.419	.675
POWDIS3	12866.000	51369.000	-.976	.329
CONFU1	12862.000	17812.000	-1.038	.299

CONFU2	13597.500	18547.500	-.132	.895
CONFU3	13513.500	52016.500	-.225	.822
CONFU4	12063.500	17013.500	-1.945	.052
CONFU5	11869.000	50372.000	-2.061	.039
CONFU6	11955.000	16905.000	-2.103	.035
CONFU7	13148.500	18098.500	-.640	.522
CONFU8	11885.000	50388.000	-2.027	.043
MACHAMOR1	13522.000	52025.000	-.231	.818
MACHAMOR2	12882.500	17832.500	-.931	.352
MACHAMOR3	13661.500	18611.500	-.057	.955
MACHCONTROL1	11414.000	16364.000	-2.689	.007
MACHCONTROL2	11499.50	16449.500	-2.633	.008
MACHCONTROL3	10647.000	15597.000	-3.575	.000
MACHSTAT1	11888.000	16838.000	-2.163	.031
MACHSTAT2	11533.000	16483.000	-2.557	.011
MACHSTAT3	11381.500	16331.500	-2.774	.006
MACHDISTRUST1	13133.000	18083.000	-.649	.516
MACHDISTRUST2	13264.000	51767.000	-.532	.595
MACHDISTRUST3	13294.000	51797.000	-.464	.643
SACYNIC1	13332.000	18282.000	-.454	.650
SACYNIC2	13261.000	51764.000	-.538	.591

SACYNIC3	13128.500	51631.500	-.649	.516
SACOMPLEX1	13690.500	52193.500	-.026	.979
SACOMPLEX2	13500.000	18450.000	-.261	.794
SACOMPLEX3	13041.000	51544.000	-.789	.430
SAAPPLIC1	12036.000	16986.000	-2.223	.026
SAAPPLIC2	11116.500	16066.500	-3.029	.002
SAAPPLIC3	11783.000	16733.000	-2.266	.023
NEGCONTROL1	10933.000	15883.000	-3.170	.002
NEGCONTROL2	11196.000	16146.000	-2.893	.004
NEGCONTROL3	11471.500	16421.500	-2.533	.011
NEGSOL1	12624.500	17574.500	-1.258	.208
NEGSOL2	13664.000	52167.000	-.058	.954
NEGSOL3	13294.500	51797.500	-.498	.618
NEGNONCON1	13229.500	18179.500	-.571	.568
NEGCONCON2	13624.000	18574.000	-.099	.921
NEGNONCON3	12942.500	51445.500	-.888	.374
a. Grouping Variable: CxC				

Note: In Table 13 variables highlighted in dark blue indicate there is a 99% significant difference, while the variables highlighted in light blue indicate there is a 95% significance difference in the results between 'Chinese' and 'Overseas'.

Table 14: PLS-SEM Pathways Hypotheses Results

Variable	Controlling Negotiating Style		Solution-Orientated and Non-Confrontational Style	
	Hypotheses	Results	Hypotheses	Results
Individualism	H ₅₀ Strong Positive	‘Chinese’ - Strong Positive ‘Overseas’ - Strong Positive	H ₅₁ Weak Positive	‘Chinese’ – Invalid Path ‘Overseas’ - Invalid Path
Collectivism and Power Distance	H ₅₂ Weak Positive	‘Chinese’ - Invalid Path ‘Overseas’ - Invalid Path	H ₅₃ Strong Positive	‘Chinese’ - Invalid Path ‘Overseas’ - Weak Positive
Confucianism	H ₅₄ Strong Negative	‘Chinese’ - Invalid Path ‘Overseas’ - Invalid Path	H ₅₄ Strong Positive	‘Chinese’ – Strong Positive ‘Overseas’ - Strong Positive
Machiavellianism	H ₅₅ Strong Positive	‘Chinese’ - Strong Positive ‘Overseas’ - Strong Positive	H ₅₆ Strong Negative	‘Chinese’ - Invalid Path ‘Overseas’ - Invalid Path
Social Complexity and Reward for Application	H ₅₇ Weak Positive	‘Chinese’ - Invalid Path ‘Overseas’ - Invalid Path	H ₅₈ Strong Positive	‘Chinese’ - Invalid Path ‘Overseas’ - Invalid Path

Cynicism	H ₅₉ Strong Positive	'Chinese' - Strong Negative 'Overseas' - Strong Negative	H ₆₀ Weak Negative	'Chinese' - Strong Positive 'Overseas' - Weak Positive

6.2.1 The Social Psychological Variables and Negotiation Styles

6.2.1.1 Individualism

The means for 'Chinese' and 'Overseas' were high for both vertical and horizontal individualism, though the Mann-Whitney U Test results for individualism showed that 'Overseas' are more individualistic than 'Chinese' in three categories: HORIND1, HORIND2, and VERIND2 with at least 95% confidence.

6.2.1.2 Collectivism

The means for 'Chinese' and 'Overseas' were high for both vertical and horizontal collectivism, though the Mann-Whitney U Test results for collectivism show that 'Overseas' are more collectivistic than 'Chinese' for VERCOLL1 with at least 95% confidence. There are no significant differences in the other collectivism variables.

The fact that the means for individualism was high too is not contradictory at the individual level, though it would be at the cultural level. As Holland *et al.* point out many people hold independent and interdependent self-construal in different combinations and content (Holland *et al.* 2004)

6.2.1.3 Power Distance

In a high power distance society the acceptance of a hierarchy means in a firm decisions are taken by a few at the top. Lower level employees do not resist these, which means in a negotiation those employees defer to those higher up, to an individual or individuals who have been assigned certain roles in a negotiation and exercise a much greater influence in how it unfolds. In PE firms,

it is often the case that the partners are the ones mostly involved in deal negotiation and so there may be an industry-related reason for the lack of a difference in 'Chinese' and 'Overseas'. The means for 'Chinese' and 'Overseas' were high for both, though the Mann-Whitney U Test results show that there were no significant differences between 'Chinese' and 'Overseas'.

6.2.1.3 Confucianism

The means for Confucian variables were high, except for CONFU5 and CONFU8 which were low. CONFU5 statement is: 'I think respect for tradition can facilitate performance' (after being reversed from the original question: 'I think respect for tradition can hamper performance'). The CONFU8 statement is: 'I believe the exchange of favours and gifts is necessary to excel in business. Both statements address the theme of 'guanxi', which is discussed in the literature review. 'Guanxi' is closely related to Confucianism and for both groups it is not very important. However, the Mann-Whitney U Test results show a significant difference in the responses between 'Chinese' and 'Overseas' for CONFU5, CONFU6, and CONFU8. The significant differences in the answers for CONFU5 and CONFU8 for 'Chinese' and 'Overseas' where 'Chinese' were higher suggests that those who have not lived in Anglo-Saxon countries feel a greater need to rely on 'guanxi' to get on in China whereas those who have lived in Anglo-Saxon countries do not. The higher score of CONFU6: 'A good manager is more economical and less extravagant' for those who have experienced Anglo-Saxon culture seems surprising, but one possibility for this is that it could reflect Anglo-Saxon business training, however, for both groups the means were high.

As discussed in Chapter 2 section 2.15 CONFU1, CONFU2, CONFU4, and CONFU6 were identified as future-orientated by the Chinese Culture Connection (1987) study, whereas CONFU3, CONFU5, CONFU7, and CONFU8 were identified as past and present-orientated. It is in the past and present-orientated variables that 'Chinese' were significantly and for a future-orientated variable that 'Overseas' that the other groupings by the Chinese Culture Connection (1987) study were: CVS 1 CVS 2, and CVS 3, and these fitted poorly in the study. It should be recalled that the Chinese Culture

Connection (1987) study was a cultural level study and was operationalised at an individual level by Robertson (2000) in a study that did not include reliability and validity measures (as mentioned in the literature review).

The Cronbach alpha for CONFUFUTURE is .564 which is low. Deleting CONFU2 would make this higher at .697, which is borderline acceptable.

6.2.1.4 Machiavellianism

The Machiavellian statements used in the study are from the recent (Dahling *et al.*, 2009) study. The authors developed their model due to what they felt was the dissatisfaction of many researchers with other Machiavellian tests, such as the Mach IV test.

The Mann-Whitney U Test results show a significant difference in the responses between 'Chinese' and 'Overseas' for MACHCONTROL1, MACHCONTROL2, and MACHCONTROL3 with 'Chinese' being higher than 'Overseas'. This was also the case with MACSTATUS1, MACSTATUS2, and MACSTATUS3 whereas MACHAMOR and MACHDISTRUST showed no differences.

The study shows that the means for MACHAMOR are quite low for Chinese PE professionals. This shows that Chinese PE professionals do not endorse amoral behaviour, as far as can be determined from a survey, but which could have been influenced by 'social desirability' responding. The means for MACDISTRUST are low too, however, as with MACHAMOR there could have been some social desirability responding, regarding the statement MACDISTRUST3: 'Team members often treat one another badly to get ahead' which directly refers to work colleagues.

The Cronbach alpha for MACHAMOR is .569 which is very low. Deleting MACHAMOR2 would make this higher at .661, but the result is still below the acceptable level of .70. The Cronbach alpha for MACDISTRUST is .693 which is borderline acceptable. Deleting MACHDISTRUST2 would make this higher at .702, which is acceptable, but the difference is only marginal. The Cronbach alpha for MACHIVELLIANISM is .740 which is acceptable. Deleting MACHAMOR2 would make this higher and could be considered.

6.2.1.5 Social Axioms

Wagner and Moch (1986) comment that beliefs are statements of truth or factuality whilst values are what are good or desirable. In social psychological surveys, it has been usual to study values, and questions on social axioms are a more recent addition to surveys. As discussed in the literature review several researchers have employed these in their studies.

The Cronbach alpha for SACYNIC is .516 which is very low. Therefore, deleting SACYNIC could be considered. The Mann-Whitney U Test result for Social Axioms show that 'Overseas' is higher than 'Chinese' for SAAPPLIC2 with 99% confidence. 'Overseas' is higher than 'Chinese' in SAAPPLIC1 and SAAPPLIC3 with 95% confidence. There are no significant differences in the other social axiom variables.

6.2.1.6 Negotiation Styles

The Cronbach alpha for NEGSOL is .692 which is borderline acceptable. Deleting NEGSOL1 would make this .811 and therefore should be considered.

6.2.2 The Significant Differences

The significant differences shown in the Table 13 are for all individualism variables; Vertical Collectivism1; Confucianism 5, 6, and 8; all Machiavellian Controlling; all Machiavellian Status; all Social Axiom Reward for Application variables; and all Controlling Negotiation style variables. 'Overseas' were higher in all of these except Confucianism 5 and 8 where 'Chinese' were higher.

overall the results were not surprising. Experience of living in Anglo-Saxon countries would expose respondents to the culture of those countries. In the review of the literature (Chapter 2) and the development of the hypotheses (Chapter 3 section 3.3) previous research found that Anglo-Saxon countries were individualistic rather than collectivistic like the PRC and Hong Kong, power distance was not as great, Aspects that can be related to Confucianism were lower, Machiavellianism was higher, though the picture for social axioms is more complex.

6.2.3 Revised PLS-SEM Models for Chinese PE Professionals

The revised models presented in Chapter 5 section 5.12 show that some paths are not valid, that is, they do not, in fact, exist.

6.2.3.1 Revised 'Chinese' Model

In the 'Chinese' model certain inner paths were not valid. These are: individualism to the combined solution-orientated and non-confrontational styles; the combined value collectivism and power distance to both the controlling negotiating style; the combined solution-orientated and non-confrontational styles; Confucianism to the controlling negotiating style; the combined social axioms social complexity and reward for application to both the controlling negotiating style and the combined solution-orientated and non-confrontational styles; and Machiavellianism to the combined solution-orientated and non-confrontational styles.

In the model the outer path M_AMOR2 to M_AMORAL was found to be invalid; SA_CYNIC3 to SA_CYNISM; whilst AMOR1, 2, and 3 did not contribute directly to MACHIARELLISM, AMOR1 and AMOR3 did through the M_AMORAL variable. M_DIST2 did not contribute directly to MACHIARELLISM, but did to the M_DISTRUST variable.

6.2.3.2 Revised 'Overseas' Model

In the 'Overseas' model the inner paths that were not valid were those of individualism to the combined solution-orientated and non-confrontational styles; the combined values collectivism and power distance to the controlling negotiating style; Confucianism to the controlling negotiating style; the combined social axioms social complexity and reward for application to both the controlling and the combined solution-orientated and non-confrontational negotiating styles; and Machiavellianism to the combined solution-orientated and non-confrontational styles.

As with the revised 'Chinese' model the model the outer path M_AMOR2 to M_AMORAL was found to be invalid; as was SA_CYNIC3 to SA_CYNISM; and whilst AMOR1 and AMOR2 did not contribute directly to MACHIARELLISM AMOR1 did through the M_AMORAL variable.

In Table 14 the results are presented for the second set of hypotheses on social psychological and negotiation styles relationships for 'Chinese' and 'Overseas' PE professionals. The hypotheses that were not rejected are in bold. In the hypotheses that were rejected several paths were found to be invalid, and

for other hypotheses the results were weaker than anticipated, or in the case of 'Cynicism' the opposite was the case. The significant results were that individualism was found to be positively correlated with the controlling negotiation style'; collectivism and power distance was correlated for those who had not spent time in Anglo-Saxon countries with the solution-orientated and non-confrontational negotiation style; Confucianism was found to have a strong positive relationship with the solution-orientated and non-confrontational negotiation style; Machiavellianism was found to have a strong positive relationship with the controlling negotiation style; and finally, cynicism was negatively correlated with the controlling negotiation style and positively correlated with the solution-orientated and non-confrontational negotiation style.

6.2.4 Original and Generalisable PLS-SEM Model

Although the 'Chinese' and 'Overseas' models for PE professionals in China resulted in some variables and paths being removed the original model as presented in Chapter 3 section 3.16 and Figure 1 remains the model proposed for general use to test the relationship of social psychological variables with important organizational relationship-dependent factors such as leadership style, decision-making, and trust, as well as negotiation styles, or indeed other factors. The model can be applied to industries other than PE, countries other than China. Certainly, a certain amount of adaptation will be necessary, such as removing or replacing Confucianism for Non-Confucian influenced countries (those outside East Asia).

6.3 Implications for Theory

The study maintains that social psychological values and beliefs are influenced by culture, norms, institutions, and traits. The study uses dimensions to measure these individual level constructs and the questions used were designed and have been tested and validated at that level in previous research as highlighted in the literature review. The study demonstrates that certain social psychological variables have a significant influence on preferred negotiation styles.

6.3.1 The Resource-Based View and Institutional Theory

The importance of informal institutions is identified, at a national, industry, organisational, and individual level. The part that national culture plays as a national institution and its simplifying assumptions is identified too. The way in which cultural dimensions can influence social psychological dimensions, which can have real and measurable influence on the behaviour of individuals is identified. The most influential social psychological dimensions that are relevant for the USA/UK and China in an organisational context, particularly regarding Western businesses operating in China are also identified. Therefore, the study contributes to an understanding of the important issues involved for an organisation operating successfully in a society. The RBV is also identified as an important theory important theory for studying the individuals' behaviour in organisations which many researchers have neglected.

The study identifies that the RBV can be combined with institutional theory to assess how culture influences the social psychology of individuals in organisations. As mentioned in the literature review Oliver (1997) also combined these two theories, but her contribution was neither on China nor on PE. Furthermore, no predictive model resulted from the study. Both theories have become rather arcane and not very user-friendly for practitioners whilst the model introduced in the study provides a practical way of employing these theories. Therefore, the study contributes to an understanding of both the RBV and institutional theory and to their development as theories that can be combined.

6.3.2 Culture, Institutions, and Social Psychological Dimensions

The definitions and distinctions between culture, institutions, values, norms, social axioms, Confucianism, and Machiavellianism are identified, explained, and the relationship between them is explored in the literature review and they are combined to produce a study of Chinese PE professionals. All too often the differences between the concepts are blurred and levels of theory are mixed. Often social psychology has been measured by using more easily available subjects. Amir and Sharon note: 'For all intents and purposes, social psychology is the study of second-year American psychology students' (Amir

and Sharon, 1987, p. 385). Most studies have been of students, many of whom come from a certain socio-economic class that is higher than average in a society and this class has been identified with having greater individualism and lower collectivism (Hofstede, 1980). Bond (1988) too comments that these studies are limited in their generalizability because university students are not representative of their cultures.

In the study, Chinese PE professionals are surveyed. It is not claimed that these are representative of the Chinese overall, nor of Chinese professionals, but that they are representative of professionals working in the PE industry in China and Hong Kong. Nevertheless, the results of the study have implications for those who wish to understand the business class in China and Hong Kong, and the results of the study and analysis can challenge some of the commonly held views by others of the Chinese.

6.3.3 Emic/Etic Studies

As discussed in the literature review, emic studies allow for the idiosyncratic elements of a society to be considered, but etic studies are necessary so that similarities or differences can be more easily recognised. The study demonstrates that a combined etic-emic approach incorporating etic constructs that appear to be universal and an emic-based construct, such as Confucianism, can be employed to achieve a greater understanding of a group of people.

6.4 Implications for Practice

Researchers of management are interested in understanding and explaining phenomena in organisations with theory, whereas practitioners are more interested in the consequences and effects of these phenomena and how these are used. International expansion produces problems of coordination.

The study adds to the evidence that members of societies do not necessarily identify with their country's culture. Previous studies found this to be the case such as those by Sackmann and Phillips (2004) and Clausen (2007). Clausen comments: 'Industry, organizational and professional knowledge equally shape cultural encounters in a business environment'. Ralston (1993) uses the term 'crossvergence' to describe the value set supported by economic

ideology and national culture. It is the continuum between the extremes of convergence and divergence of values that believes a value system with elements of national culture and economic ideology will gradually develop, though it can be something different rather than something in-between, that is, it is a synergy of values.

When dealing with China firms have a choice of either adopting a policy of complexity reduction or one of complexity absorption, that is, reducing the 'cognitive complexity' by imposing their own routines and standards or accepting or 'absorbing' different ways of doing things (Boisot and Child, 1999). This is, of course, also the case with all organizations that expand into China, or anywhere abroad.

Lateral centralization occurs at a subsidiary when decision-making is mainly done at the subsidiary level and asymmetry between HQ and the subsidiary is high and this can cause a problem of goal incongruence. Subsidiary autonomy is the degree to which a foreign subsidiary has strategic and operational decision-making authority, that is, managers there can exercise greater discretion in dealing with the demands of the local market (O'Donnell, 2000).

The study is of benefit to organisations that wish to expand abroad or which already have a presence abroad and are experiencing what they view as cultural problems and want to avoid the extremes of centralization and subsidiary autonomy.

Figure 76: Western PE Firms Entering China - Formal and Informal Institutions

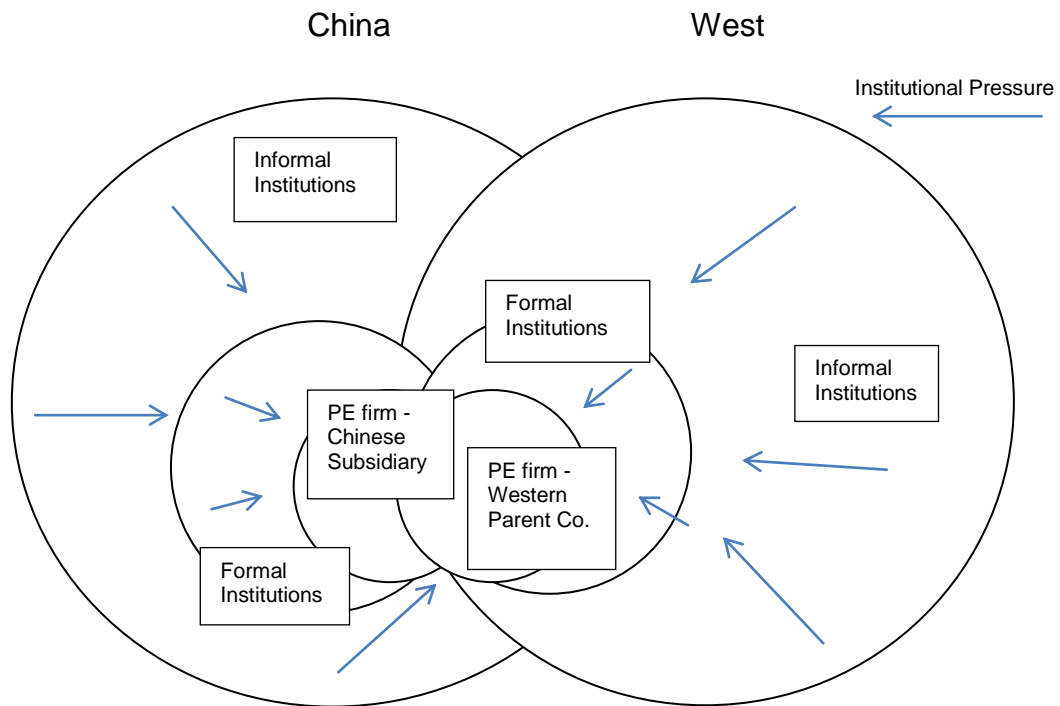


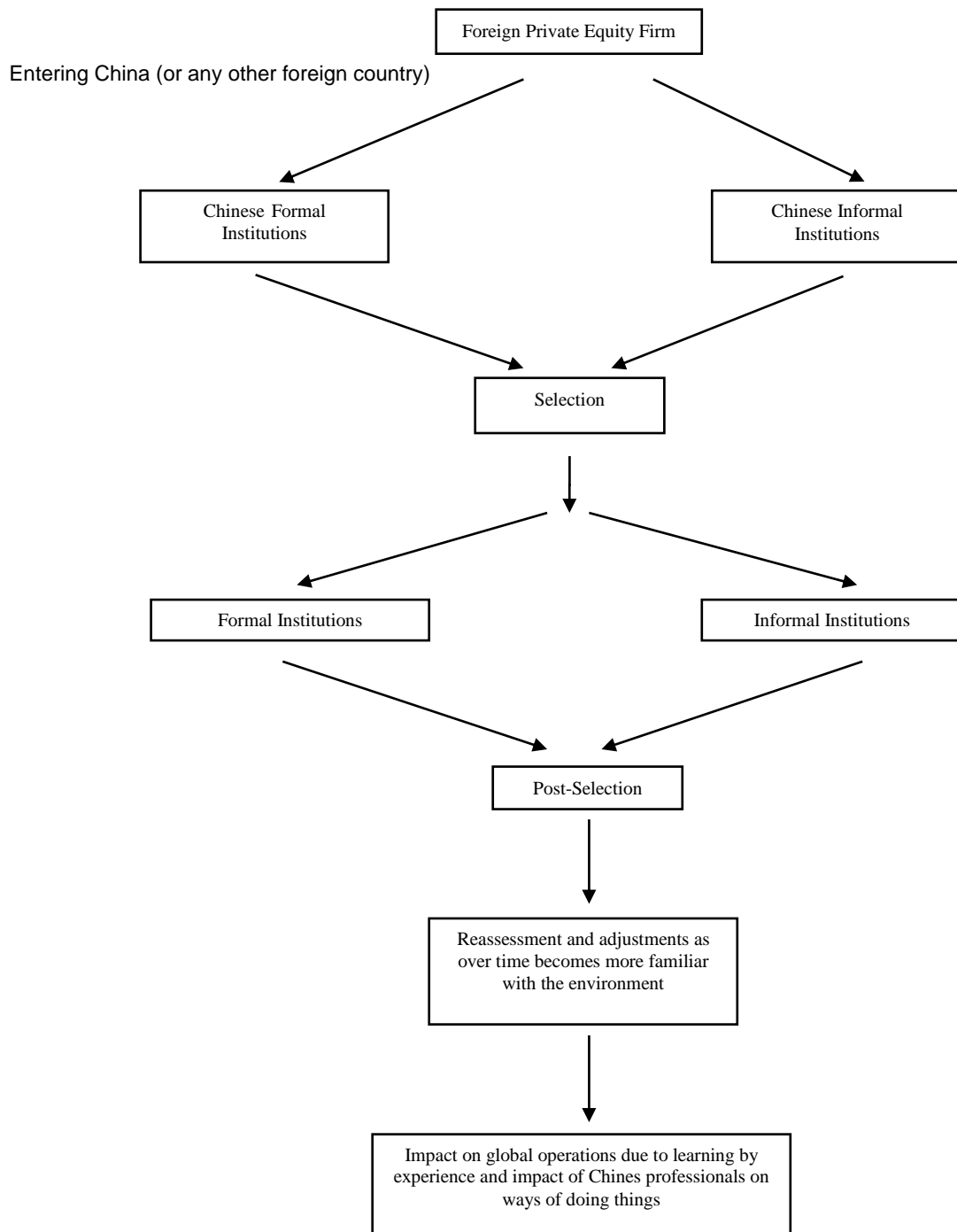
Figure 76 shows a model devised by the author to illustrate the impact of formal and informal institutions in China and the West on Western PE firms and the PE subsidiaries of Western companies based in either the PRC or Hong Kong.

The large circles represent informal institutions. Their size indicates the pervasive impact these have on PE firms. The location of the two circles representing informal institutions indicates how Western informal institutions have most impact on Western-based firms and less on Chinese-based Western PE firms. Chinese informal institutions will have most influence on Chinese-based Western firms and much less on the on Western parent firms.

The medium-sized circles represent formal institutions. They are not as large as the circles representing informal institutions as their impact is not as great on PE firms, this is especially the case in China where formal institutions have never been as strong as they have been in the West. Formal institutions are heavily influenced, especially in the long-term, by informal institutions, hence their position inside the informal institutions circles. Although, their

influence is smaller it is more immediate hence their position close to the boxes representing PE firms. As with informal institutions the formal institutions of the West will have an effect not only on Western parent companies, but also, though to a lesser extent, on the Chinese-based subsidiaries and this will possibly be reciprocated though to a much lesser extent by the influence of Chinese formal institutions on Western PE firms who are investing in China.

Figure 77: A Foreign PE Firm's Institutional Dilemma on Entering China (or another Country) - Model



When a PE firm from one country enters another, decisions must be made as to how far it will comply with formal and informal institutions of the host country. Formal institutions will usually be complied with in full, but there is a lot

of scope as to how far the firm will adapt to informal institutions. By employing some of the indigenous population of a country a firm might expect to deal better with informal institutions, but this is likely to be at some cost to the organisation in terms of what it sees as its global business model and ways of doing things.

6.5 A New Capability - The 'Managing of Relationships' Capability

Organisations that expand overseas impose their ways of doing things without taking account the values and beliefs of those they employ in a country. Alternatively, the views of those in the parent organisation may not be known or are ignored by those working in overseas subsidiaries. Indigenous organisations also need to understand the social psychology of those working in the organisations and address the different values and beliefs that may come from spending time abroad.

The study provides a model of how the social psychological profiles of a group of people, that of Chinese PE professionals working in China or Hong Kong can be measured. Furthermore, it considers the differences in values and beliefs that can come from experience of work or study overseas, and this in turn can lead to certain preferences, which in the study are negotiating styles. The model produced in the study shows a practical way of assessing values and beliefs, and dismisses the adequacy of cultural analyses such as those by Hofstede (1980) which are overly simplistic and not accurate. The PLS-SEM shows to what extent the answers to the negotiation questions are explained by the latent variables, that is, how much the participants' thinking and social psychology answers the responses they give to the negotiation questions. The study shows by the answers to the questionnaire, the data analysis, and the PLS-SEM analysis that social psychological dimensions correlate with negotiation styles and that there are some differences based on overseas experience as opposed to a lack of it, which in the study is that of more than one year spent in work or study in an Anglo-Saxon country or not. The model also shows that the choice of negotiation styles is not an either/or choice, and both integrative and distributive styles have appeal to Chinese PE deal negotiators, though the appeal of the integrative style is greater. Therefore,

there is scope for a mixture of styles to be used in different circumstances or phases of the negotiation (see Chapter 2 section 2.18.1) by the same negotiator. Furthermore, information exchange will be affected, that is, the nature and purpose of it (Chapter 2 section 2.18.1). Information collecting and giving can be either integrative or distributive too.

By using the model PE firms can achieve a competitive advantage over rival firms by understanding the values and beliefs of those in the industry from the analysis of the answers given to the questions. The model is designed to be a workable model for all types of organisations seeking to better understand the influence of social psychological factors on their organisations and industries. To use the model a survey of members of the organisation or industry would be necessary.

Organisations can use the model as a way of introducing a capability which is a 'managing of relationships capability', by adapting the model, not just for use in China, but anywhere, nor just on preferred negotiation styles, but also for other factors such as leadership style, decision-making, and trust.

This capability could offer the firm an even stronger competitive advantage over organisations that do not have such a capability. Its sustainability would depend on how well they can implement the capability and the willingness and ability of their competitors to do the same. This builds on the intrafirm relationship development discussed by Harvey and Griffith (2002) which they assert can reduce direct transaction costs and increase the amount of exchange within a firm which can reduce costs too, as well as increasing effectiveness.

The capability can assist in enabling an organisation to gain legitimacy. Ahlstrom and Bruton (2001) point out that moral legitimacy is gained by trying to follow accepted procedures to achieve valued ends, and there are three ways of doing this; conforming, manipulating, and selecting. It is important for foreign organisations to establish legitimacy with stakeholders, and to take into account that the nature of legitimacy will change over time. Therefore, it would be necessary to assess employees to see how they think and assess how this fits

in with the thoughts of others in the firm in other countries or the societal culture in which the firm operates, preferably at regular intervals.

There are advantages to an organisation in developing a capability to enable it be better able to understand the thinking which will impact on their preferences and behaviour of its staff in overseas abroad, and how organisations comprised mainly of professionals from a country need to be aware that the thinking and preferred actions of those employees from other societies can be quite different from their own. By having a greater understanding of its members' preferences an organisation can influence negotiating styles or decision-making, leadership and attitudes regarding trust as well as the concomitant information collecting and giving with others which should be aligned.

The resources required for developing the capability are dependent on informal institutional differences between the home country and the host country, the importance of the host country to the business, and the resources the organisation can devote to the creation of such a capability. Of course, some organisations may already have such a capability, though it may be tacit and partial. The model introduced in the study can serve as a way of ascertaining the differences and importance of these informal institutions for the organisation and be the starting block of such a capability.

6.6 Limitations of the Study

The study has some limitations the main ones of which are discussed below. As a quantitative rather than a qualitative one little attention is given to context. The variables could be viewed by practitioners as being rather abstract and having little closeness to real organisations. It might be viewed as a rather static analysis.

6.6.1 Cultural and Social Psychological Dimensions

Parsimony is an important aspect of the study for ease of understanding and for making it easier for the study to be replicated. However, the reduction of a wide range of cultural differences or social psychological differences to a few dimensions, is of course, greatly simplifying reality.

The model could be criticized for its being a 'trait' model and could be therefore limited in its ability to predict actual behaviour as there is a weakness in providing cause for behaviour if context is ignored, and could be viewed as rather simplistic. Brockner (2003) notes what is called the fundamental attribution bias (the tendency to attribute behaviour to internal factors, such as values, rather than external ones (organisational and environmental) and he suggests that these may not be so fundamental, at least in collective societies.

The use of broad concepts to explain behaviour has been criticized as leading to over-generalisation such as that of individualism-collectivism being a rather high level concept used to define behaviour over a wide range of situations and very loosely defined by a set of measurements (Fijneman *et al.*, 1996). Furthermore, social psychological values have been conceptualized in different ways and so there is much debate about what the terms really mean.

The study did not consider external factors, such as economic conditions, company sizes, and regional culture. China is changing rapidly and so future studies may generate different findings. Indeed, all societies are changing which will have an impact on the validity of any findings.

Culture can be viewed as a composite construct with many dimensions, some broad and some small in scope, and some dimensions may overlap whilst others might correlate differently in different cultures or not at all. There is a problem between the conceptualization of culture and its operationalisation, that is, one of simplification, according to Tayeb (1994). Therefore, it is difficult to decide what dimensions to include, what to exclude on grounds of parsimony, and these are essentially value judgments.

People discriminate among values according to goals, interests served, and motivations, and therefore the impact of values as independent variables on behaviour and attitudes can be predicted and identified more clearly by using indices of importance, rather than just single values. Values can conflict with one another, and therefore choices need to be made. There is also the balance between motivational factors based on personality and pragmatic considerations and the environment (Schwartz and Bilsky, 1987). Values may also come into conflict with each other.

Contemporary psychological research is mostly American in origin, and may be much more suited to an individualistic worldview and not a universalistic model of behaviour. It is based on the stability of personal traits, and so assumes individualistic and not collectivistic views of human nature. There is also the issue of comprehensiveness; and equivalence of meaning in different societies.

Culture and institutions (formal and informal) change over time especially in a transitioning economy, and this will have an impact on the social psychology of people. Emerging markets are dynamic and institutions change quickly in them and so longitudinal studies are necessary. Indeed, what makes an analysis of PE in China a challenge is that the Chinese setting is evolving institutionally.

6.6.2 Private Equity Firms and Other Organisations

The extent to which people in PE firms are homogenous can be questioned, and this extends to the Chinese professionals working in the industry. How strong the cultural differences between Chinese and Anglo Saxon professionals may not be the same as in other industries, which can limit the generalizability of the findings of the study. Culture may not play such a big part as executives try to conform to the American model, but this may change as Chinese PE firms increase in number and importance, and Chinese self-confidence grows. Certain aspects of a firm's activities may be more subject to cultural differences than others, or to environmental forces. Furthermore, a poor fit of individual values and organisational norms could, actually, be good suggests Van Maanan and Schein (1979).

If members of an organisation are asked why they do certain things the answers may just be the espoused values of the organisation, the shared tacit assumptions, and shared mental models. At the organisation level, PE firms cannot easily change competences as learning is defined by where it has been, and current capabilities will guide and constrain future learning and investment activity, that is, previous experience determines bounded rationality. Managers working with an etic programme may get resistance from below, whilst local

managers working on an emic basis could get resistance from above, and so a combination of both is best, and using the language of both (Morris *et al.*, 1999).

6.6.3 Negotiation Styles

Drake (1995) comments that negotiation styles are not easy to understand, rather than actual behaviour as they may vary over time or with situations. Thompson (1990) notes that one of the problems with the 'dual concern' model is that although negotiators who are highly individualistic do manage to reach 'integrative' solutions, those who are highly concerned with others sometimes do not find 'integrative solutions'. Therefore, the model may be too simplistic.

As mentioned in the Literature Review (Chapter 2) Holmes (1992) states that phase models explore the sequences that form the story of the negotiation and different strategies are likely to be employed at different stages in negotiation. Putnam (1990) claims that bargaining incorporates elements of 'distributive' and 'integrative' behaviour and in seeking agreement negotiations may move from competitive to cooperative behaviour in various moves seeking both short-term and long-term gains, and so the two aspects are complementary. Lax and Sebenius (1986) agree and point out that negotiators need to be both cooperative and competitive and that if negotiators want to obtain joint gains the use of different tactics from those used in 'distributive' bargaining is required, although they agree the basic negotiating style can be retained.

6.6.4 Emic Issues

The study was conducted in only one area, that of China and Hong Kong, and so the results may not be valid in other countries, regarding the operationalisation of the PLS-SEM. However, future studies in other countries may certainly test the model proposed in the study, though for countries not influenced by Confucianism this would need to be removed and possibly replaced with another indigenous philosophical/ethical variable.

Aycan (2000, p. 117) argues: 'To comprehend unique cultural characteristics, one has to engage in in-depth study of the historical, social, political, economic, and institutional systems of cultures prior to designing

research and collecting data.'. Identifying indigenous philosophical/ethical leanings can be difficult and producing a questionnaire based on these if there is none suitable would present quite a challenge to a researcher wanting to have an emic aspect to their research. Aycan (2000) claims that the methodology for creating the emic content needs to be the same for every culture and this will prove difficult as Confucianism would have to be replaced by underlying guiding principles pertaining to a society based on its generally and deeply held beliefs.

6.6.5. Issues with Sex

The study does not provide an analysis of differences in responses by sex. The reason for this is due to the limitations on the length of the study issue, but the data was collected (see Appendix C) and so could be used in future research.

6.6.6 Regional Issues

The study does not provide an analysis by region or city. Some of the issues raised by this are discussed below.

Kozan and Ergin (1999) suggest that cultures are not homogenous within a country and this is especially the case for those countries in transition. Many studies of culture often simply take the average of the dimensions they use to measure aspects of culture and the transitioning nature of China may affect the findings and so therefore contextual factors and this constrains their generalisability. In China, there is a north and south culture, with the north being cooperative and the south being more competitive, according to Graham (1996). Political variation and local history issues have meant there are differences in cultural dimensions, for instance Hong Kong was exposed to Western culture as it was a British colony, and many residents came from Canton and so have the subculture of the southern Chinese (Huo and Randall, 1991).

Schlevogt (2001) comments that the north of China is closely connected to government and close links are kept, firms are centralized, Confucian values are stronger, so is collectivism, trust, respect for seniority, and there is a negative view of commerce. In the south commerce has a strong historical

tradition, flexible management, has had greater contact with foreigners so Western ideas have been known for much longer. In terms of the need for legitimacy government support is more important in the north than the south, more government officials and regulations and political interference, the collective orientation in the north might mean it is better to include them in decision-making, but they are not empowered due to centralized decision-making. Businesses invested in have different attributes due to various constraints that are dependent on their geographical situation especially government relations in the north but which declines with distance from Beijing (Schlevogt, 2001).

Huo and Randall (1991) tested Hofstede's cultural dimensions in four Chinese places (Taiwan, Beijing, Hong Kong, and Wuhan) and found strong sub-cultural differences on these four dimensions suggesting that the variance of values scores within China is not necessarily smaller than those between China and other countries. Kwon (2012) used Hofstede's dimensions in the cities of Shenzhen in the south and Taiyuan in the north and he finds that Shenzhen scores higher than Taiyuan on individualism whilst Taiyuan scores higher on long-term orientation. Chiu *et al.* (1998) found coastal areas different from the hinterland in terms of cultural attributes. In the House *et al.* (2002) study power distance is greater in the PRC than in Hong Kong. The former is more collectivist, but by only a small amount.

It is not possible to conclusively state those who live in a city come from it or the region surrounding it, especially when the cities are situated in the most commercialised areas of the country. In fact, participants could come from any region of the country and their values could be influenced by either host city or home region subculture or both.

The reason for this study not addressing this issue is, as with sex, due to the limitations on the length of the study, but as with sex the data was collected (see Appendix C) and could be used in future research.

6.6.7 Issues with the Survey

The questions in the survey instrument have been selected from sources partly due to the appropriateness based on the PE literature and the author's

understanding of the industry. The questions were selected partly for their suitability for industry professionals and not all of them are appropriate for others. This could affect the applicability of the model in other contexts.

The study relied on self-reported data and not on actual negotiation behaviour. Shepherd and Kellogg (1997) criticize the use of self-reported questionnaires rather than using actual evaluations and suggest these lead to self-reporting errors, and may understate the weighting of the most important criteria. Podsakoff and Organ (1986) note that self-reports may contain a social desirability issue, that is, questionnaire items may invoke responses that present a person in a favourable light rather than be accurate, and of course, some responses may get a more socially desirable response than other questions.

The questionnaire employed in the study is quite long and there is always a risk that long questionnaires will go unanswered and jeopardise the validity of the survey by having too few responses on which to do analysis. Likert scales have some inherent problems as discussed in Chapter 3.

6.7 Directions for Future Research

The PLS-SEM performed well and could be used as a basis for future studies. Future research could adapt the model with the same, additional, or different social psychological values and beliefs that might be more suitable to a different subgroup or country. A principal benefit of the model is that it is designed to cover a wide range of social psychological dimensions, but also in a parsimonious way, and the total number of social psychological questions was 40 which are not too many to ask in a survey for professionals. There have been several studies that employ indigenous philosophical/ethical constructs and these can be employed in the model rather than the Confucian dimension. The OCCI negotiation model could be replaced with another negotiation model that is more nuanced; however, this would mean that more questions would be needed. Other social axioms could be used as the ones used here were employed as they seemed suitable for Chinese people for the reasons mentioned earlier. The values dimensions could be added to, and power distance could be replaced. Furthermore, negotiation styles could be replaced

with other organizational relationship-dependent factors such as leadership style, decision-making, or trust. The study compared two groups: those who had experience of living in Anglo-Saxon countries and those that did not. These distinctions used for comparison could be replaced with other criteria. The questionnaire could also compare different groups' responses within those tested factors by age, sex, education, geographical location, ethnicity, and so on.

6.8 Recommendations for Action

Reading about or contact with other countries can provide some insight into the culture of a country. However, as the study shows there may be significant differences between the culture of a country and how people actually are at the individual level. For organisations to successfully operate in or engage with another country this understanding is important. Individuals can be influenced by a subculture to which they belong and significant experiences. To discover these influences a questionnaire can be administered to a group which should reveal important social psychological traits that are common to the group that differentiate them from other groups. Questionnaires on social psychology such as the one in this study can be used, perhaps in an adapted form. By the use of a PLS-SEM the influence of these aspects on certain factors such as preferred negotiation styles, leadership, or decision making styles can be ascertained. An organization can do this in-house or employ consultants who have knowledge of suitable PLS-SEM software such as 'SmartPLS'. This software is becoming ever more sophisticated, but also easier to use due to its continuous development.

Introducing a new capability does present issues of maintenance and development as well as the issues of integration, skills transfer, and absorptive capacity. Building a new capability would impinge on many management practices in an organisation and take both time and effort. Nevertheless, it presents an opportunity to further understanding of people and improve the performance of the organisation.

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Appendix A - Consent Form and Survey

A.1 Participant Cover Letter - English



Participant Information Sheet and Consent Form

20th September, 2015

Dear Sir/Madam,

I am a doctoral candidate at the Bradford University, School of Management, in the United Kingdom.

I invite you to take part in a research survey concerning social values of professional people working for private equity firms in China.

There are no risks associated with participating in this study. All of the responses in the survey will be recorded anonymously. The researcher will not use your information for any purposes outside of this research project. The survey contains no identifying information with the exception of a coded number.

Your participation in this study is voluntary and you are free to withdraw your participation from this study at any time. If you agree to participate, please complete and return the survey in the stamped addressed envelope provided within 14 days. By completing and submitting this survey, you are indicating your consent to participate in the study.

The survey should take about 20 minutes to complete.

If you have any questions at any time or would a copy of the results upon study completion, you may contact me at this telephone number: 0044 207 490 0871 or email address: c.egan@bradford.ac.uk.

Your participation is greatly appreciated. Thank you for your time.

Yours faithfully,

Clive Egan

Doctoral student at Bradford University, School of Management, United Kingdom

Tel: 0044 207 490 0871

Email: c.egan@bradford.ac.uk

This study adheres to the guidelines of the ethical review process of The University of Bradford School of Management, United Kingdom. The supervisor is Dr. James Wallace, who can be contacted at: j.wallace@bradford.ac.uk if required.

A.2 Participant Cover Letter - Chinese



参与者信息表及同意书

2015年9月20日

尊敬的先生/女士：

我是英国布拉德福德大学（Bradford University）管理学院的博士生。

谨此邀请您参与一项调查研究，旨在中国为私募股权公司工作的专业人士所带来的社会价值。

参加此项研究没有任何风险。调查中的所有回答都将以匿名方式记录。研究人员不会将您的信息用于该项研究计划之外的任何目的。除编码外，该调查不包含任何识别信息。

您自愿选择参与且随时可以退出该研究。若您同意参加，请完成调查并在随后14天内将其放入我们提供的贴好邮票、写有地址的信封内寄回。填写并提交本次调查，即表示您同意参与本研究。

完成本调查约需20分钟。

若您随时有任何疑问或需要研究完成后的结果，您可拨打0044 207 490 0871或发送电邮至c.egan@bradford.ac.uk联系本人。

非常感谢您的参与。感谢您的宝贵时间！

谨上，

Clive Egan

英国布拉德福德大学（Bradford University），管理学院博士生。
电话：0044 207 490 0871
电邮：c.egan@bradford.ac.uk

本研究严格遵守英国布拉德福德大学（Bradford University）管理学院伦理审查流程的指导方针。指导人为James Wallace博士，如有需要可发送电邮至j.wallace@bradford.ac.uk。

A.3 Questionnaire to Participants

1) How many years have you worked in the private equity industry?
您在私募股权行业工作多少年？

Number of years
年数

2) In which Western countries have you worked?
(If never, please go on to question 3)
您曾在哪个西方国家工作过？
(如从未有过，请直接回答问题3)

3) In which Western countries have you attended school or university?
(If never, please go on to question 4)
您曾在哪个西方国家上过学？
(如从未有过，请直接回答问题4)

4) What is your age?
您年龄？

5) What is your sex?
您性别？

Male	男	
Female	女	

6) Which city are you working in?
您在哪个城市工作？

1) My personal identity is very important to me
我个人的身份对我来说很重要

Strongly Disagree

Strongly Agree

1	2	3	4	5	6	7

强烈反对

非常同意

2)
I feel good when I cooperate with others
当我与他人合作 我觉得很好

1	2	3	4	5	6	7

强烈反对
非常同意

3)
The well-being of my colleagues is important to me
同事的福祉对我来说很重要

1	2	3	4	5	6	7

强烈反对
非常同意

4)
It is very important to me that I do my job better than others
工作比别人做的好对我来说非常重要

1	2	3	4	5	6	7

强烈反对
非常同意

5)
I hate to disagree with my managers and colleagues
我讨厌和我经理和同事意见相左的时候

1	2	3	4	5	6	7

强烈反对
非常同意

6)
I would rather depend on myself than others
比起靠别人，我宁愿靠自己

1	2	3	4	5	6	7

强烈反对
非常同意

7)
It is important to have a conscience in business
有商业良知是很重要的

1	2	3	4	5	6	7

强烈反对
非常同意

8)
I think managers should make most decisions without consulting subordinates
我认为管理者应该在不咨询下属的情况下做出大多数的决定

1	2	3	4	5	6	7

强烈反对
非常同意

- 9) I believe power and status make people arrogant
我相信，权力和地位会让人傲慢自大

Strongly Disagree	1	2	3	4	5	6	Strongly Agree
强烈反对							非常同意

- 10) I believe every problem has a solution
我相信，每一个问题都有解决方案

强烈反对	1	2	3	4	5	6	7	非常同意

- 11) I want to be rich and powerful one day
我希望有一天我能有钱有势

Strongly Disagree								Strongly Agree
	1	2	3	4	5	6	7	

- 12) Upholding one's personal image makes little difference in business goal achievement
维持个人形象并不是企业成功的关键

1	2	3	4	5	6	7

- 13) A good manager is more economical and less extravagant
一个优秀的管理者是更经济和更节俭的

强烈反对	1	2	3	4	5	6	7	非常同意

- 14) I enjoy being able to control the situation
我喜欢能够控制局势

1	2	3	4	5	6	7

强烈反对 非常同意

- 15) I believe people will be successful if they really try
我相信如果人们真的努力，他们一定会成功。

1	2	3	4	5	6	7

- 16) Team members often treat one another badly to get ahead
团队成员往往为了出人头地而对待彼此不好

1	2	3	4	5	6	7

强烈反对

非常同意

- 17) It is important to me that I respect the decisions made by my managers and colleagues
尊重我的经理和同事们的决定对我很重要

Strongly Disagree			Strongly Agree			
1	2	3	4	5	6	7

- 18) I think respect for tradition can hamper business performance
我相信尊重传统会阻碍企业业绩

Strongly Disagree				Strongly Agree		
1	2	3	4	5	6	7

强烈反对

非常同意

- 19) I believe human behaviour changes with the social context
我相信人的行为会随着社会环境而变化

Strongly Agree						
1	2	3	4	5	6	7

强烈反对

非常同意

- 20) I enjoy the control of others in a business environment
我享受在商业环境中控制别人

Strongly Disagree				Strongly Agree		
1	2	3	4	5	6	7

强烈反对

非常同意

- 21) I believe knowledge is necessary for success
我相信知识是必要的

Strongly Agree						
1	2	3	4	5	6	7

强烈反对

非常同意

- 22) I believe the exchange of favours and gifts is not necessary to excel in business
我相信交换人情和礼物于成功生意不是必要的

Strongly Disagree				Strongly Agree		
1	2	3	4	5	6	7

强烈反对

非常同意

23) Status is a good sign of success in life
地位是人生成功的标志

Strongly Agree

1	2	3	4	5	6	7

强烈反对

非常同意

24) I think managers should seldom ask for the opinions of subordinates
我认为管理者应该很少征求下属的意见

Strongly Disagree

1	2	3	4	5	6	7

强烈反对

非常同意

25) I will not go against my moral standards to succeed in business
为了在业务中获得成功，我不会违背我的道德标准

Strongly Disagree

1	2	3	4	5	6	7

强烈反对

非常同意

26) I think managers should not delegate important tasks to subordinates
我认为管理者不应该委托重要任务给下属的。

Strongly Disagree

1	2	3	4	5	6	7

强烈反对

非常同意

27) I think hierarchical relationships at work are important and necessary
我认为工作中的层级关系是重要和必要的

Strongly Disagree

1	2	3	4	5	6	7

强烈反对

非常同意

28) I believe a person's behaviour at work may be contrary to his or her true feelings
我觉得一个人在工作中的行为可能违背了他或她的真实感受

Strongly Disagree

1	2	3	4	5	6	7

强烈反对

非常同意

29)

The accumulation of wealth is an important goal for me

对我来说，积累财富是一个重要的目标

Strongly Disagree

1234567

Strongly Agree

强烈反对

非常同意

30)

I agree with the saying 'cheaters never win'

我同意“骗子永远不会赢”

Strongly Disagree

1234567

Strongly Agree

强烈反对

非常同意

31)

Personal stability is not critical to success in business

个人的稳定性不是商业成功的关键

Strongly Disagree

1234567

Strongly Agree

强烈反对

非常同意

32)

It is easier to succeed in business if a person knows how to take shortcuts

如果一个人知道如何走捷径，就比较容易在事业上取得成功

Strongly Disagree

1234567

Strongly Agree

强烈反对

非常同意

33)

I think that most people are essentially trustworthy

我认为，大多数人基本上还是可以信赖的

Strongly Disagree

1234567

Strongly Agree

强烈反对

非常同意

34)

I believe people may have opposite behaviors on different occasions at work

我认为在工作中，人们可能在不同的场合有不同的行为

Strongly Disagree

1234567

Strongly Agree

强烈反对

非常同意

35)

Status is a good sign of success in life

您的地位有多高，即表明您在生活中有多成功

Strongly Disagree

1234567

Strongly Agree

强烈反对

非常同意

36)

I believe managers must be persistent to accomplish business goals and objectives
我认为管理者必须持之以恒以实现业务目标

Strongly Disagree							Strongly Agree	
1	2	3	4	5	6	7		

强烈反对

非常同意

37)

I like to give the orders in business situations
我喜欢在业务活动中给出命令

Strongly Disagree							Strongly Agree	
1	2	3	4	5	6	7		

强烈反对

非常同意

38)

I think significant achievement in business requires people to show no concern for the methods
我认为业务中取得巨大成就需要人们不择手段

Strongly Disagree							Strongly Agree	
1	2	3	4	5	6	7		

强烈反对

非常同意

39)

I think it can be acceptable at times to be unethical in business
我认为有时候商业行为可以是不道德的

Strongly Disagree							Strongly Agree	
1	2	3	4	5	6	7		

强烈反对

非常同意

40)

I think people are only motivated by personal gain
我认为人们仅仅被个人利益所驱动

Strongly Disagree							Strongly Agree	
1	2	3	4	5	6	7		

强烈反对

非常同意

For questions 41-49, imagine you are in discussions with a company your firm is investing in or a company in which your firm wishes to invest. Rate how strongly you agree or disagree with the following statements:

对于问题41-

49. 请想象您在与您公司投资的企业或想要投资的企业进行讨论。请指出您在多大程度上同意或反对下列表述：

41) I would argue strongly for my point of view
我会对我的观点据理力争。

Strongly Disagree			Strongly Agree				
1	2	3	4	5	6	7	

强烈反对

非常同意

42) I would keep quiet about my views in order to avoid disagreements
为了避免冲突，我会对我的观点保持沉默

Strongly Disagree			Strongly Agree				
1	2	3	4	5	6	7	

强烈反对

非常同意

43) I would suggest a solution that combines both side's viewpoints
我会提出一个融合了两方观点的解决方案

Strongly Disagree			Strongly Agree				
1	2	3	4	5	6	7	

强烈反对

非常同意

44) I would stand firm in my views in a conflict situation
在冲突中，我会坚守我的观点

Strongly Disagree			Strongly Agree				
1	2	3	4	5	6	7	

强烈反对

非常同意

45) I would ignore disagreements when they arise
当有异议产生时，我会无视

Strongly Disagree			Strongly Agree				
1	2	3	4	5	6	7	

强烈反对

非常同意

46) I would compromise with the other side
我会与另一方妥协

Strongly Disagree			Strongly Agree				
1	2	3	4	5	6	7	

强烈反对

非常同意

47) I would offer creative solutions in discussions about disagreements
 我会对分歧提供有创造性的解决方案

48) I would assert my opinions strongly
 我会坚守我的观点

49) I would avoid subjects that can be the source of disputes
 我会避免可能产生争议的议题

Strongly Disagree

1	2	3	4	5	6	7

Strongly Disagree

Strongly Agree

1	2	3	4	5	6	7

Strongly Disagree

1	2	3	4	5	6	7

Appendix B - Missing Values Analysis

Figure B1: Overall Summary of Missing Values

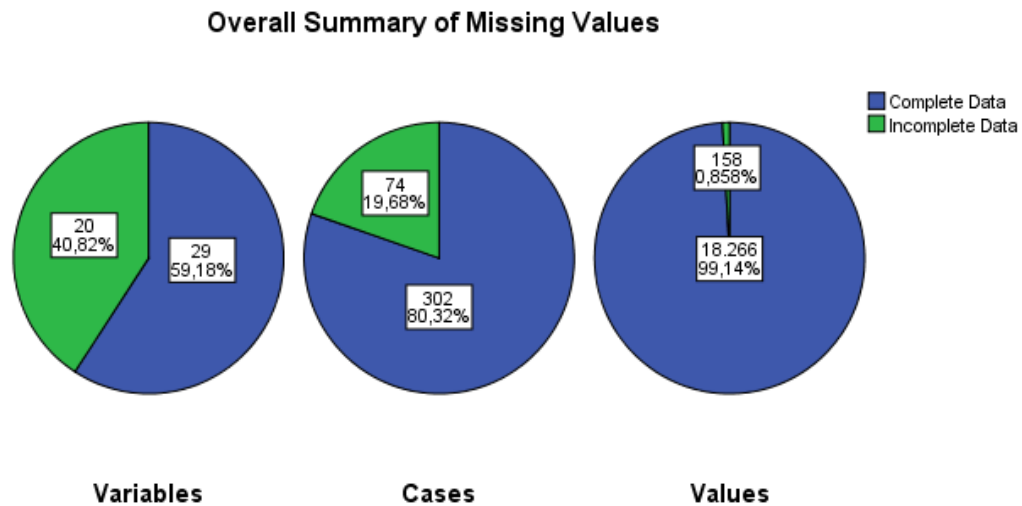


Table B1: Variables Summary^{a,b}

	Missing		Valid N
	N	Percent	
NEGNONCON2 I would avoid topics that can be the source of disputes	18	4.8%	358
MACDISTRUST3 Team members often treat one another badly to get ahead	17	4.5%	359
POWDIS1 I think managers should make most decisions without consulting subordinates	15	4.0%	361
MACSTATUS1 Status is a good sign of success in life	13	3.5%	363
CONFU4 I think hierarchical relationships at work are important and necessary	13	3.5%	363
VERIND1 Competition is the law of nature	13	3.5%	363
POWDIS2 I think managers should not delegate important tasks to subordinates	10	2.7%	366
NEGCONTROL1 I would argue strongly for my point of view	9	2.4%	367
POWDIS3 I think managers should seldom ask for the opinions of subordinates	9	2.4%	367
CONFU7 Personal stability is critical to success in business	8	2.1%	368
CONFU6 A good manager is more economical and less extravagant	8	2.1%	368
MACHCONTROL3 I like to give the orders in business situations	7	1.9%	369
MACHCONTROL1 I enjoy the control of others in a business environment	7	1.9%	369
CONFU3 Upholding one's personal image makes a difference in business goal achievement	4	1.1%	372

MACHAMOR3 I think it can be acceptable at times to be unethical in business	2	0.5%	374
SACYNIC3 I think significant achievement in business requires one to show no concern for the methods	1	0.3%	375
MACSTATUS2 I want to be rich and powerful one day	1	0.3%	375
MACHAMOR1 I will at times go against my moral standards to get ahead in business	1	0.3%	375
CONFU8 I believe the exchange of favours and gifts is necessary to excel in business	1	0.3%	375
CONFU5 I think respect for tradition can facilitate performance	1	0.3%	375

a. Maximum number of variables shown: 49

b. Minimum percentage of missing values for variable to be included: .1%

Figure B2: Mixing Value Patterns

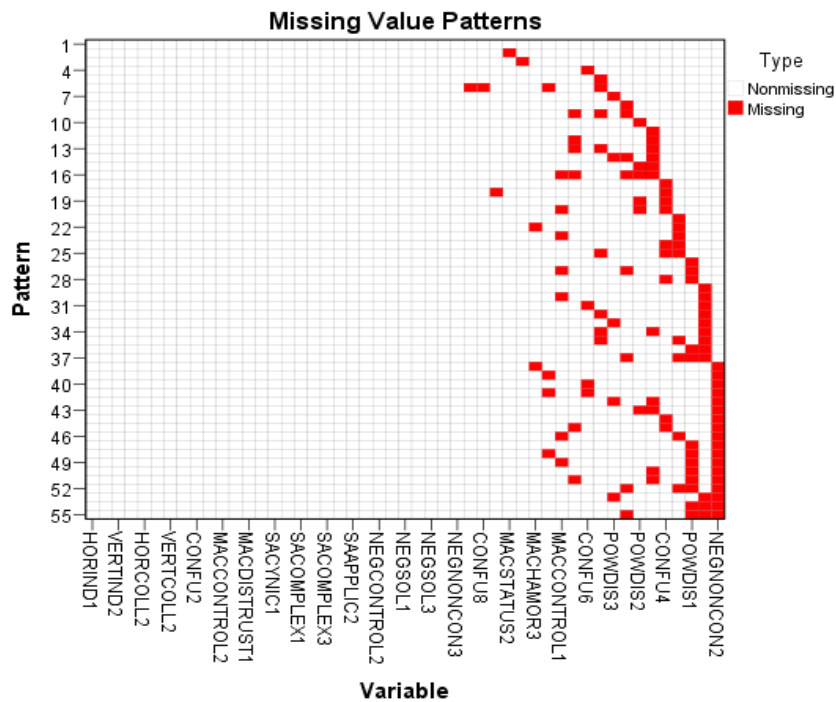
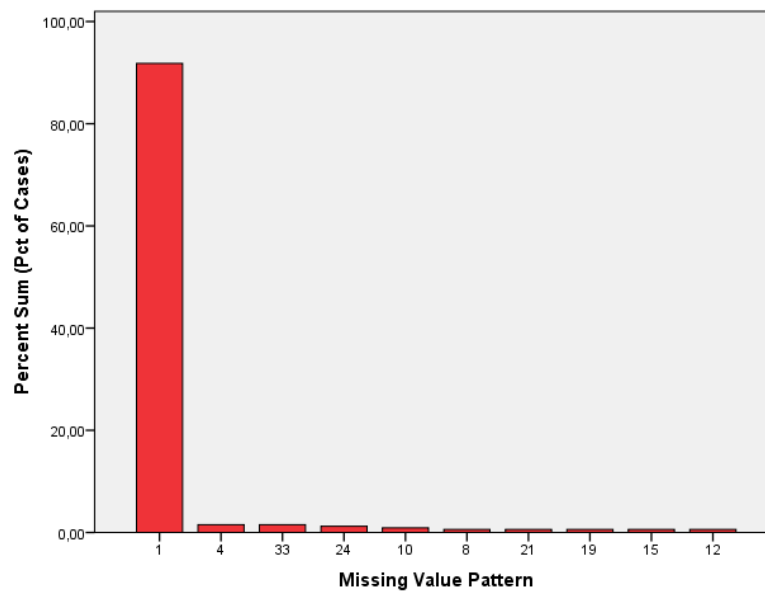


Figure B3: Missing Value Patterns Frequency



The 10 most frequently occurring patterns are shown in the chart.

Table B2: Univariate Statistics (N=99) Chinese who have not Worked or Studied in Anglo-Saxon Countries

	N	Mean	Std. Deviation	Missing		No. of Extremes ^a	
				Count	Percent	Low	High
HORIND1	99	4.75	.733	0	.0	0	0
HORIND2	99	4.47	.660	0	.0	0	0
VERIND1	97	3.95	.906	2	2.0	0	0
VERIND2	99	4.54	.704	0	.0	0	0
HORCOLL1	99	5.39	.636	0	.0	0	0
HORCOLL2	99	5.60	.781	0	.0	0	0
VERCOLL1	99	5.40	.653	0	.0	0	0
VERCOLL2	99	4.88	.907	0	.0	0	3
POWDIS1	98	4.50	.707	1	1.0	0	0
POWDIS2	98	4.54	.839	1	1.0	0	1
POWDIS3	95	4.48	.823	4	4.0	0	0
CONFU1	99	5.53	.690	0	.0	0	0
CONFU2	99	5.46	.873	0	.0	3	0
CONFU3	98	5.04	.836	1	1.0	0	0
CONFU4	95	4.73	.706	4	4.0	0	1
CONFU5	99	4.09	1.060	0	.0	0	0

CONFU6	96	5.42	.574	3	3.0	0	0
CONFU7	97	5.07	.960	2	2.0	6	0
CONFU8	99	3.93	1.118	0	.0	0	0
MACHAMOR1	99	1.96	.755	0	.0	0	2
MACHAMOR2	99	2.81	1.094	0	.0	0	0
MACHAMOR3	98	2.32	1.109	1	1.0	0	4
MACHCONTROL1	99	4.28	.881	0	.0	5	0
MACHCONTROL2	99	4.97	.762	0	.0	.	.
MACHCONTROL3	97	4.43	.802	2	2.0	2	0
MACSTATUS1	96	5.40	.718	3	3.0	1	0
MACSTATUS2	99	4.91	.716	0	.0	0	1
MACSTATUS3	99	5.49	.774	0	.0	2	0
MACDISTRUST1	99	3.66	1.126	0	.0	0	6
MACDISTRUST2	99	3.02	.782	0	.0	.	.
MACDISTRUST3	96	3.43	1.140	3	3.0	2	2
SACYNIC1	99	5.24	.927	0	.0	6	0
SACYNIC2	99	4.63	.803	0	.0	2	0
SACYNIC3	99	3.43	1.080	0	.0	1	0
SACOMPLEX1	99	4.72	.640	0	.0	0	0
SACOMPLEX2	99	4.69	.723	0	.0	1	0
SACOMPLEX3	99	4.52	.825	0	.0	4	0
SAAPPLIC1	99	5.85	.734	0	.0	.	.
SAAPPLIC2	99	5.27	.767	0	.0	1	0
SAAPPLIC3	99	5.64	.762	0	.0	0	0
NEGCONTROL1	98	4.22	.740	1	1.0	0	0
NEGCONTROL2	99	3.76	.784	0	.0	1	1
NEGCONTROL3	99	3.87	.922	0	.0	0	0
NEGSOL1	99	4.89	.844	0	.0	1	1
NEGSOL2	99	5.46	.559	0	.0	0	0
NEGSOL3	99	5.44	.575	0	.0	0	0
NEGNONCON1	99	4.89	.683	0	.0	.	.
NEGNONCON2	94	4.81	.907	5	5.1	1	1
NEGNONCON3	99	4.76	.809	0	.0	0	0
YEARSINPE	99	6.72	3.207	0	.0	0	0
AGE	97	36.60	5.616	2	2.0	0	0
SEX	99	.43	.498	0	.0	0	0
CxC	99	1.00	.000	0	.0	.	.
CITY2	99	.33	.474	0	.0	0	0

a. Number of cases outside the range (Q1 - 1.5*IQR. Q3 + 1.5*IQR).

Table B3: Univariate Statistics (N=277) Chinese who have Worked or Studied in Anglo-Saxon Countries

	N	Mean	Std. Deviation	Missing		No. of Extremes ^a	
				Count	Percent	Low	High
HORIND1	277	5.23	.772	0	.0	2	0
HORIND2	277	4.93	.743	0	.0	0	3
VERIND1	266	4.16	.952	11	4.0	0	0
VERIND2	277	4.86	.748	0	.0	0	0
HORCOLL1	277	5.44	.603	0	.0	0	0
HORCOLL2	277	5.59	.651	0	.0	0	0
VERCOLL1	277	5.56	.649	0	.0	0	0
VERCOLL2	277	4.95	.799	0	.0	2	2
POWDIS1	263	4.48	.676	14	5.1	0	0
POWDIS2	268	4.57	.811	9	3.2	0	0
POWDIS3	272	4.39	.817	5	1.8	0	0
CONFU1	277	5.61	.564	0	.0	0	0
CONFU2	277	5.51	.797	0	.0	1	0
CONFU3	274	5.00	.955	3	1.1	0	0
CONFU4	268	4.89	.719	9	3.2	0	0
CONFU5	276	3.82	1.099	1	.4	0	0
CONFU6	272	5.53	.636	5	1.8	0	0
CONFU7	271	5.15	.948	6	2.2	10	0
CONFU8	276	3.66	1.197	1	.4	0	0
MACHAMOR1	276	1.97	.797	1	.4	.	.
MACHAMOR2	277	2.97	1.114	0	.0	0	1
MACHAMOR3	276	2.30	1.051	1	.4	0	9
MACHCONTROL1	270	4.59	.741	7	2.5	1	0
MACHCONTROL2	277	5.20	.734	0	.0	2	0
MACHCONTROL3	272	4.78	.717	5	1.8	0	0
MACSTATUS1	267	5.55	.637	10	3.6	1	0
MACSTATUS2	276	5.12	.746	1	.4	2	0
MACSTATUS3	277	5.75	.713	0	.0	2	0
MACDISTRUST1	277	3.69	1.023	0	.0	0	6
MACDISTRUST2	277	2.96	.753	0	.0	0	8
MACDISTRUST3	263	3.36	1.060	14	5.1	2	3
SACYNIC1	277	5.36	.716	0	.0	4	0
SACYNIC2	277	4.58	.879	0	.0	5	1

SACYNIC3	276	3.35	1.130	1	.4	0	0
SACOMPLEX1	277	4.73	.676	0	.0	0	1
SACOMPLEX2	277	4.73	.710	0	.0	0	1
SACOMPLEX3	277	4.49	.769	0	.0	3	1
SAAPPLIC1	277	6.03	.547	0	.0	.	.
SAAPPLIC2	277	5.56	.771	0	.0	0	0
SAAPPLIC3	277	5.83	.711	0	.0	1	0
NEGCONTROL1	269	4.56	.881	8	2.9	1	1
NEGCONTROL2	277	4.08	.893	0	.0	0	0
NEGCONTROL3	277	4.16	.955	0	.0	0	0
NEGSOL1	277	5.03	.791	0	.0	0	0
NEGSOL2	277	5.43	.648	0	.0	3	0
NEGSOL3	277	5.37	.724	0	.0	4	0
NEGNONCON1	277	4.87	.894	0	.0	6	0
NEGNONCON2	264	4.73	.958	13	4.7	5	1
NEGNONCON3	277	4.61	.966	0	.0	9	0
YEARSINPE	277	6.51	3.006	0	.0	0	0
AGE	271	35.81	4.629	6	2.2	0	0
SEX	277	.43	.495	0	.0	0	0
CxC	277	.00	.000	0	.0	.	.
CITY2	277	.44	.497	0	.0	0	0

Appendix C - Demographic Data

Table C1: CxC - Chinese who have not Worked or Studied in Anglo-Saxon Countries ('Chinese') versus those who have Worked or Studied in Anglo-Saxon Countries ('Overseas')

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 Chinese	99	26.3	26.3	100.0
	0 Overseas	277	73.7	73.7	73.7
	Total	376	100.0	100.0	

*Table C2: COUNTRYSTUDY * COUNTRYWORK Crosstabulation Count*

		COUNTRYWORK			Total
		1 China	2 US	3 UK	
COUNTRYSTUDY	1 China	99	0	0	99
	2 US	172	43	1	216
	3 UK	55	2	4	61
Total		326	45	5	376

Table C3: Sex

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0 Male	215	57.2	57.2	57.2
	1 Female	161	42.8	42.8	100.0
	Total	376	100.0	100.0	

Table C4: City

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 Hong Kong	155	41.2	41.2	41.2
	2 Beijing	76	20.2	20.2	61.4
	3 Shanghai	100	26.6	26.6	88.0
	4 Chengdu	3	.8	.8	88.8
	5 Guangdong	4	1.1	1.1	89.9
	6 Jiangsu	3	.8	.8	90.7
	7 Shaanxi	4	1.1	1.1	91.8
	8 Shenzhen	24	6.4	6.4	98.1
	9 Suzhou	7	1.9	1.9	100.0
	Total	376	100.0	100.0	

Table C5: City2

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0 China	221	58.8	58.8	58.8
	1 Hong Kong	155	41.2	41.2	100.0
	Total	376	100.0	100.0	

Figure C1: Years Worked in PE Industry

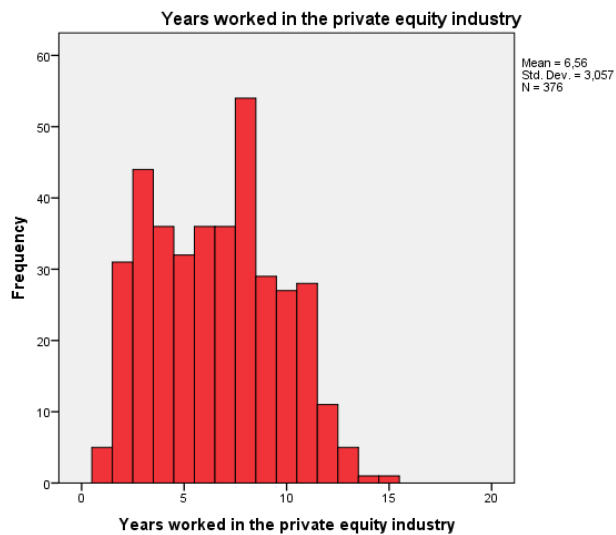


Table C6: YEARSINPE: Years worked in the Private Equity Industry

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	5	1.3	1.3	1.3
	2	31	8.2	8.2	9.6
	3	44	11.7	11.7	21.3
	4	36	9.6	9.6	30.9
	5	32	8.5	8.5	39.4
	6	36	9.6	9.6	48.9
	7	36	9.6	9.6	58.5
	8	54	14.4	14.4	72.9
	9	29	7.7	7.7	80.6
	10	27	7.2	7.2	87.8
	11	28	7.4	7.4	95.2
	12	11	2.9	2.9	98.1
	13	5	1.3	1.3	99.5
	14	1	.3	.3	99.7
	15	1	.3	.3	100.0
	Total	376	100.0	100.0	

Table C7: Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	24.00	1	.3	.3	.3
	26.00	2	.5	.5	.8
	27.00	12	3.2	3.2	4.0
	28.00	7	1.9	1.9	5.9
	29.00	17	4.5	4.5	10.4
	30.00	21	5.6	5.6	16.0
	31.00	19	5.1	5.1	21.0
	32.00	19	5.1	5.1	26.1
	33.00	28	7.4	7.4	33.5
	33.73	1	.3	.3	33.8
	34.00	19	5.1	5.1	38.8
	34.01	1	.3	.3	39.1
	35.00	18	4.8	4.8	43.9
	35.55	1	.3	.3	44.1
	36.00	20	5.3	5.3	49.5
	37.00	24	6.4	6.4	55.9

	38.00	37	9.8	9.8	65.7
	39.00	36	9.6	9.6	75.3
	40.00	28	7.4	7.4	82.7
	40.81	1	.3	.3	83.0
	40.82	1	.3	.3	83.2
	41.00	15	4.0	4.0	87.2
	41.96	1	.3	.3	87.5
	42.00	7	1.9	1.9	89.4
	42.97	1	.3	.3	89.6
	43.00	11	2.9	2.9	92.6
	43.39	1	.3	.3	92.8
	44.00	10	2.7	2.7	95.5
	45.00	7	1.9	1.9	97.3
	46.00	7	1.9	1.9	99.2
	47.00	3	.8	.8	100.0
	Total	376	100.0	100.0	

Figure C2: Frequency of Ages Reported

