Business's Environmental Responsibility in Taiwan – Moral, Legal or Negotiated

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ABSTRACT. This study explores both the negotiating styles and moral reasoning processes of business people and governmental officials in Taiwan, so as to provide a footing for "outsiders" when negotiating with Taiwanese over environmental concerns. Findings imply that Taiwanese business people and governmental officials can and will reason both at the conventional level and at the postconventional level of moral judgment. But, results of this study also indicate that Taiwanese negotiating styles do not necessarily match their levels of moral reasoning. With respect to pollution concerns, Taiwanese seem unwillingly to accept responsibility as autonomous individuals. Instead, responsibility is accepted when mandated by the law.

Introduction

Over the past four decades, Taiwan has undergone an economic transformation which has led to its current position as the world's 12th-largest trader. Annual per capita income in Taiwan is now the second highest in Asia (Allen, 1990). Foreign exchange reserves stand at $88 billion (Engardio and Gross, 1992), second highest in the world. Its trade surplus has reached $12 billion (Cunningham, 1991) with an expected annual growth of over estimated 7%. However, economic success has not come to Taiwan without cost; serious pollution goes hand in hand with Taiwan's wealth.

While four decades of industrial growth have put a vast array of consumer goods within reach of the island's 20 million people, clean air, clear water and unspoiled countryside have almost vanished. Taipei has one of the highest pollution indexes in the world- 200, while in comparison, a smoggy day in Los Angeles rates less than 100. Engholm (1991), measuring the "livability" of major Asian cities, rated Taipei worst in congestion/pollution. More than 60 miles of the island's rivers are officially reckoned to be heavily polluted. Less than 5% of the population is served by a sewage system (Anonymous, 1989).

Facing choking pollution, dwindling space and a populace up in arms over fouled air and water, Taiwan's business community is being pressured to clean up the by-products of its huge industrialization program (Rubin *et al.* 1990). An active grassroots environmental movement has emerged, and in several incidents local residents have barricaded factories, forcing their owners to pay compensation for damage that the residents say has been caused by pollution. In addition, a number of industrial development projects have been canceled in the planning stage or moved offshore due to local resistance (Allen, 1990).

The government's answer to the growing environmental tide has been to promise money and regulation. The Taiwanese government has enacted 13 new environmental laws, beefed up five existing ones, and proposed or amended more than 40 sets of pollution control regulations. What does this mean to multinational firms setting up operations in Taiwan? What responsibilities will be projected onto them regarding pollution control? If foreign firms

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enter joint ventures, what approaches to negotiation are likely to produce positive actions from business partners and governmental officials in Taiwan, when dealing with industrial pollution? These questions are important since, to an increasing degree, corporations are being held responsible in domestic forums for operations which they engage in abroad.

To help answer these questions the research reported here will focus on the moral reasoning used by business people and governmental officials in Taiwan as that reasoning might apply to pollution control in joint ventures with international firms.

Cultural underpinnings

Many explanations have been offered for understanding the tradeoffs between environmental pollution and economic growth. And much attention has focused on Taiwan's culture, since local social values have much to do with the way business is conducted. Hicks and Redding (1984) attribute the Taiwan economic miracle and the related pollution problem to a combination of several interconnected factors, among which is a historical culture derived partly from its religions, and evident in its social values.

Just as the West's values have been derived from its Graeco-Roman and Judaeo-Christian heritage, the values of modern Taiwan originated with Chinese civilization and its major religious philosophies – Confucianism and Daoism. Philosophical Daoism preaches that by reflection and intuition, one could achieve harmony both within himself and with the external environment. One should not waste energy to change the workings of the nature, but rather, to accept things as they are and try to adapt to them. To achieve this harmony, it is always preferable to go with rather than against the group values.

Confucianism takes Daoism further by stressing not only the harmonious relationship between human and nature, but also the importance of authority. As Oh has stated (1991), "Confucianism focuses on the task of harmonizing human relationships and nature, and involves a system of subordination to enforce order." The concept of unquestioning obedience to authority has always been reinforced by the traditional education system in Taiwan. Taiwanese are trained to accept duties handed to them and accomplish these tasks without any inputs of their own (De Mente, 1989).

Confucius's disciples adopted "Zung Yung", called the middle path, after his death. The result is that Zung Yung has been used throughout the centuries to justify the idea that, in order to secure a lasting position, it is best to select the middle path which is often embodied in a non-committal position.

Confucianism's influence on Taiwan is pervasive. It forms the foundation of ethics and morality in business as well as social and personal life. It details the behavior appropriate to every type of human relationship, from the top to the bottom of the social order and from the most intimate family relationships to the most distant associations. But, is the Confucian goal of harmony between man and nature embodied in "Zung Yung" decisions when measures to control industrial pollution are negotiated by business people and governmental officials?

Negotiation styles

Although negotiations call for rational judgments and planning in the choice of tactics and ploys, the parameters of decision-making are strongly cultural. The levels of trust and distrust, of belief in the manipulatability of events, of confidence in considering all contingencies are all matters that are fundamentally set by the particular culture. And individuals' cultural backgrounds affect negotiation situations.

Schmidt (1979) provides insight into business negotiations as they might be handled in Taiwan. He describes Chinese negotiators as being "generally honest," and very competitive. They make group decisions topdown, and let status affect negotiation outcomes. Chinese see conflict as a normally arising event that is positive. And with negotiations being an expected and perhaps even enjoyable part of any business transaction, they are well-practiced in negotiation.

In the first encounters with outsiders Chinese usually seem to be bound by their traditional practices. Their initial objective is usually to get an agreement on general principles about the character of the evolving relationship. The agreement only pertains to the general form of the relationship, with

little attention to details. Among Chinese it is the traditional custom to seal agreements with only an oral commitment, or a gesture of agreement. Confucian tradition has lent more support to agreements built on the bonds of relationships than on the sanctity of law. Respect for formal law is somewhat shaky given its abuse by rulers throughout the history of China (Chen, 1993).

Most Western legal departments find such initial agreements very troublesome precisely because they seem to leave out all the particulars expected in a signed legal document. Chinese usually insist at the initial stage that the details can be worked out later as long as both sides take a positive attitude toward the spirit of the general principles. They seem intent on stressing progress in the unveiling of underlying mutual interests. Chinese believe that patience is a value in negotiations, particularly with impatient Westerners. They do not treat the signing of a contract as signaling a completed agreement; rather, they conceive of the relationship in longer and more continuous terms, and they will not hesitate to suggest modifications immediately on the heels of an agreement. This Chinese view of unending negotiation also makes them insensitive to the possibility that canceling contracts may cause trouble in the relationship (Pye, 1992).

Chinese negotiators are both inflexible and pragmatic. This dual but paradoxical image stems in large part from their determined adherence to what they call "principles" and their more adaptable approach to "concrete details." In addition, however, Chinese apparently see less inherent merit than Westerners do in the concept of give and take and of tradeoffs. Instead, Chinese prefer to hold up for praise ideals of mutual interests, of joint endeavors, and of commonality of purpose (Pye, 1992).

Although Chinese understand the need for some degree of give and take and are skilled at quietly calculating bargaining exchanges, they do not explicitly honor the idea of compromise, an ideal that Westerners enthusiastically extol. It is true that Chinese might ask for more than they hope to get, but when they reach the point of settlement they prefer to play down the fact of giving in or compromising by both sides and play up the idea that all along both sides have mutual interests that have finally been recognized.

Moral framework for negotiating environmental concerns

To successfully explore the negotiating styles of Taiwanese business people and governmental officials about industrial pollution, it would be helpful to investigate the reasoning underlying their judgmental processes. Since the population in Taiwan is relatively homogeneous, it might even be possible to estimate the level of moral reasoning used by this population within a specified range. The approach taken for this research is one suggested by Trevino (1992) in a previous issue of this journal.

Over thirty years ago, Lawrence Kohlberg and his associates researched individuals' moral development and then postulated six moral stages within three broad levels designated as presocial convention, social convention, and postsocial convention (Rest, 1986) (See Table I). Based on the description of Chinese cultural values presented earlier, the social convention level of morality should hold sway in Taiwan. People in Taiwan appear to behave according to what is expected of them by society rather than by their own free will. They are portrayed as more likely to be motivated by group acceptance and complimented for team play than by self gain. What is more, Taiwanese seem to play their part in the social system, do their duty, and obey the rules.

Are the Taiwanese, though, more likely to be motivated by upholding the social convention – the reasoning behind stages three and four – than by their perceived adherence to principles – a motivation that could be ascribed to postconventional moral reasoning which marks stages five and six? The Confucian desire for harmony is *not just* indicative of conventional moral reasoning. Negotiating toward an evolved agreement based on mutual interests is also a hallmark of postconventional moral reasoning (Habermas, 1984).

While it is logical to assume that negotiating styles of Taiwanese be consistent with their stage of moral reasoning, we might test that relationship. If business people and governmental officials in Taiwan indeed try to adhere to "inflexible" principles while being "pragmatic" in details, knowledge and awareness of those principles can guide an outsider in negotiating with Taiwanese on ethical issues about environment.

TABLE I
Moral reasoning

Levels and Stages	Levels of Convention	Illustrative behavior
Level I	Preconventional morality	
Stage 1	Punishment orientation	Obeys rules to avoid punishment
Stage 2	Reward orientation	Conforms to obtain rewards, to have favors returned
Level II	Conventional morality	
Stage 3	Good-boy/good-girl orientation	Conforms to avoid disapproval of others
Stage 4	Authority orientation	Upholds laws and social rules to avoid censure of authorities and feelings of guilt about not "doing one's duty"
Level III	Postconventional morality	
Stage 5	Social-contract orientation	Actions guided by principles commonly agreed on as essential to the public welfare; principles upheld to retain respect of peers and, thus, self-respect
Stage 6	Ethical principle orientation	Actions guided by self-chosen ethical principles (that usually value justice, dignity, and equality); principles upheld to avoid self-condemnation

Source: Baxter, G. D. and C. A. Rarick: 1987, 'Education for the Moral Development of Managers: Kohlberg's Stages of Moral Development and Integrative Education', *Journal of Business Ethics* **6**, pp. 243–248.

Research purpose and propositions

The purpose of this study was to explore both the negotiating styles and moral reasoning processes of business people and governmental officials in Taiwan, so as to provide a footing for Western businessmen when negotiating with Taiwanese over environmental concerns.

The specific propositions that guided this study were:

1) Both business people and governmental officials in Taiwan show the capacity to reason more at the conventional level of moral judgment rather than at the postconventional level of moral judgement.
2) The higher their stances of moral reasoning, the more Taiwanese business people will accept a degree of responsibility to clean up pollution than attribute that responsibility to the government.
3) The higher their stances of moral reasoning, the more Taiwanese governmental officials will accept a degree of responsibility to clean up pollution than attribute that responsibility to industries.
4) Negotiating styles by business people and governmental officials in Taiwan will directly match their levels of moral reasoning.

Research methods

Sample

The population for this study consisted of business people and governmental officials in the two largest metropolitan cities in Taiwan: Taipei and Kaoshiung. Although a systematic random sampling procedure would be preferred, this was not possible due to constraints on the access to the desired sample. In response to this constraint, a purposive sampling procedure was selected based on researcher-established selection criteria (Babbie, 1986). Though this

sampling procedure does limit the ability to generalize findings, it is an appropriate alternative, especially for exploratory studies (Babbie, 1986).

Questionnaires were distributed among business people and governmental officials in both cities. For the participants working in the business field, the questionnaires were administered individually, while for those working in the government, the questionnaires were administered during seminars in Taipei and Kaoshiung sponsored by one of the major Taiwanese universities.

The final sample consisted of a total of 101 business people and governmental officials, of which 93 were judged usable. The research sample contained more business people ($n = 50$) than governmental officials ($n = 43$).

Instrumentation

A three-part questionnaire was used to solicit responses from the sample regarding their attitudes toward environmental problems in Taiwan, their negotiating styles, and their moral reasoning. The first part of the questionnaire asked for responses to 6 separate attitude statements designed by the researchers to ascertain attitudes held by business people and governmental officials toward environmental problems in Taiwan. Participants were asked to indicate their percentage of agreement with each statement (See Table II). The second part asked for responses to the three scenario version of a translated Defining Issues Test (DIT) to identify moral reasoning. The Defining Issues Test, devised by Rest (1979) as a measurement instrument, is grounded in Kohlberg's procedures for assessing moral judgment. Its shortened form consists of three scenarios, each describing a moral dilemma. Rest's instrument has been used in over 1000 studies. The instrument's results have closely matched those of Kohlberg when measuring "sociomoral" evaluative thought (Rest, 1986). Rest reports on selected studies conducted since 1975 and concludes that there is a rather consistent link between moral judgment as measured by the DIT and actual behavior. The last part of the research instrument asked for an assessment of nego-

TABLE II
Pollution questions

1. Who should be responsible for being the leading advocate for environmental issues?					
Government:	100%	75%	50%	25%	0%
Business:	0%	25%	50%	75%	100%
2. Who should be responsible for the balancing of economic growth of Taiwan with the cost of cleaning up toxic waste?					
Government:	100%	75%	50%	25%	0%
Business:	0%	25%	50%	75%	100%
3. The creation of a guideline for storing, dumping and cleaning up toxic waste should be whose responsibility?					
Government:	100%	75%	50%	25%	0%
Business:	0%	25%	50%	75%	100%
4. In your opinion, who should be responsible for the physical cleaning up of toxic waste?					
Government:	100%	75%	50%	25%	0%
Business:	0%	25%	50%	75%	100%
5. In your opinion, who should be responsible for the cost of the clean up?					
Government:	100%	75%	50%	25%	0%
Business:	0%	25%	50%	75%	100%
6. Who is to blame for the toxic waste problems here in Taiwan?					
Government:	100%	75%	50%	25%	0%
Business:	0%	25%	50%	75%	100%

tiation stances. Participants were asked to indicate their degree of agreement with statements which paralleled the reasoning which characterize the stages of moral development (See Table III).

Treatment of the data

Inferential statistics were employed in this study. A MANOVA was used to test for differences in the sample's capacity to reason at different levels of moral judgement. And, correlation coefficients were derived to determine if a relation exists between the samples' moral reasoning and their acceptance of responsibility to clean up pollution. Lastly, a Chi-Square test was used to determine if their negotiating styles directly match their levels of moral reasoning.

Results

Proposition tests

A MANOVA analysis was used to determine if either business people or governmental officials in Taiwan show the capacity to reason more at the conventional level of moral judgment than at the post-conventional level of moral judgement (Proposition 1). Results showed that there was no significant difference among either business people or governmental officials in Taiwan in their capacity to reason more at the conventional level than at the post-conventional level of moral judgement ($F = 0.0731$) (See Table IV). Both groups did not reason solely according to "inflexible" principles, though they are stereotyped as more likely to play their part in the social system and do their duties according to the social rules. They made judgements using both levels of moral reasoning (See Table V).

Spearman's correlation analysis was employed to determine if there was a direct relation between the Taiwanese business people's stances of moral reasoning and their perceived degree of responsibility to clean up pollution (Proposition 2). No strong relation was found (See Table VI). In brief, the data showed that in Taiwan business people's perceived degree of responsibility to clean up pollution did not seem to be related to their stance of moral reasoning. Simply stated, higher levels of moral reasoning were not matched by higher levels of attributed industry responsibility to clean up pollution. Furthermore, in

TABLE III
Negotiation questions

1. I give in to the position of the other negotiating party if he has the power to negatively influence my success in my job.
   0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%
2. I am flexible in my dealings with the other party, but I keep control over the negotiation to make sure that I realize my interests.
   0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%
3. I try to see the viewpoint of the other negotiating party, and I concentrate on our common, mutual expectations.
   0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%
4. While I am aware of my interests and the other negotiating party's interests, the rules under which we both must operate take precedence over both our interests.
   0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%
5. When dealing with the other party, I may ignore the rules if the results of our negotiation will, in the eyes of the majority of people, benefit society.
   0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%
6. My approach to negotiating with others is guided by a universal ideal about what rational and impartial people believe should characterize cooperation between negotiators.
   0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

TABLE IV
Multivariate analysis of variance of moral judgment by business people and governmental officials

Hotelling-Lawley Trace	F	Num df	Den df	P
0.0016	0.0731	2	90	0.0296

TABLE V
Means of moral judgment by business people and governmental officials

Variable	Mean	Std Deviation
Conventional Level 1	0.1572	0.1309
Conventional Level 2	0.3908	0.1485
Post-conventional Level 1	0.3658	0.1591
Post-conventional Level 2	0.0683	0.0703

TABLE VI
Spearman's correlation between the Taiwanese business people's stances of moral reasoning and their perceived degree of responsibility to clean up pollution

Question	Correlation Coefficient	p^*
1	0.075	0.47
2	0.053	0.62
3	0.022	0.84
4	−0.019	0.86
5	−0.047	0.66
6	0.039	0.71

p^* = approximate calculated probability value.

an absolute sense, the Taiwanese business people's perceived degree of responsibility to clean up pollution was not very high (See Table VII).

Spearman's correlation analysis was also employed to determine if there was a direct relation between the Taiwanese governmental officials' stances of moral reasoning and their perceived degree of responsibility to clean up pollution (Proposition 3). As was the case with Proposition 2, no strong relation

TABLE VII
Means of perceived degree of responsibility to clean up pollution by business people

Variable	Mean	Std Deviation
Question 1	0.4839	0.2143
Question 2	0.4982	0.2270
Question 3	0.4704	0.3435
Question 4	0.4220	0.3105
Question 5	0.4516	0.3323
Question 6	0.4677	0.2451

was discovered (See Table VIII). What does appear from the data, though, is that the Taiwanese governmental officials' perceived degree of responsibility to clean up pollution was a little bit higher than that of business people (See Table IX).

TABLE VIII
Spearman's correlation between the Taiwanese governmental officials' stances of moral reasoning and their perceived degree of responsibility to clean up pollution

Question	Correlation Coefficient	p^*
1	0.065	0.53
2	−0.177	0.09
3	0.062	0.56
4	0.136	0.19
5	−0.082	0.43
6	−0.079	0.45

p^* = approximate calculated probability value.

TABLE IX
Means of perceived degree of responsibility to clean up pollution by governmental officials

Variable	Mean	Std Deviation
Question 1	0.4301	0.2031
Question 2	0.5108	0.2270
Question 3	0.2823	0.2664
Question 4	0.6102	0.3005
Question 5	0.6774	0.2845
Question 6	0.5161	0.2467

A Chi-Square analysis was conducted to determine whether negotiating styles by business people and governmental officials in Taiwan directly match their levels of moral reasoning (Proposition 4). Results showed a significant difference between negotiating styles and levels of moral reasoning used by business people and governmental officials alike ($X^2 = 42.849$, $P^* < 0.001$) (See Table X). A more in-depth analysis indicated that negotiating styles by business people in Taiwan did not match their levels of moral reasoning ($X^2 = 24.023$, $p^* < 0.001$) (See Table XI). This parallel also held for governmental officials ($X^2 = 19.232$, $p^* < 0.001$) (See Table XII). It indicates that, in contrast to Rest's finding, there was not a consistent link between moral judgment as measured by the DIT and negotiation stances among Taiwanese business people and governmental officials.

TABLE X
Chi-Square test between negotiating styles and levels of moral reasoning of Taiwanese business people and governmental officials

Moral Level	Negotiation	DIT Scores	χ^2
2	93	18	
3	93	78	
4	91	92	42.849*
5	92	93	
6	91	54	

* = $p < 0.001$.

Discussion

Analysis revealed that business people and governmental officials in Taiwan show the capacity to reason both at the conventional level of moral judgment and at the post-conventional level of moral judgement. Thus, it appears that the Taiwanese, in theory, may be no more motivated by upholding the social convention, the reasoning behind stages three and four, than by their perceived adherence to principles, motivation that could be ascribed to post-conventional moral reasoning which marks stages five and six. This finding, at first glance, differs with previous assumptions that only the social convention level of moral reasoning would be found in Taiwan. The finding is in line, though, with Habermas' belief

TABLE XI
Chi-Square test between Taiwanese business people's negotiating styles and their levels of moral reasoning

	Moral Level 2	Moral Level 3	Moral Level 4	Moral Level 5	Moral Level 6	χ^2
NEG	50	50	48	49	49	24.023*
DIT	9	44	49	50	32	

* = $p < 0.001$.

TABLE XII
Chi-Square test between Taiwanese government officials' negotiating styles and their levels of moral reasoning

	Moral Level 2	Moral Level 3	Moral Level 4	Moral Level 5	Moral Level 6	χ^2
NEG	43	43	43	43	42	19.232*
DIT	9	34	43	43	22	

* = $p < 0.001$.

that harmony, a goal of the Confucian culture, is as much indicative of postconventional moral reasoning, as it is with the stereotyped group oriented motivation of conventional moral reasoning.

But when attention is turned from the theoretical capacity for moral reasoning to the practice of actually accepting moral responsibility, a discrepancy occurs. Among Taiwanese business people there was no relation between their tested capacity for moral reasoning and their perceived degree of responsibility to clean up pollution. This conclusion held for governmental officials as well. Three explanations can be advanced for this discrepancy. The first is the most obvious. When the ethical issue at hand is real and demands a personal judgment, people may tend to rely on a lower level of moral reasoning than they would use when deciding abstract issues. There is some evidence in the study of moral judgment that such reversions to "lower" stages of reasoning do occur when difficult decisions have to be made (Krebs *et al.*, 1991). If this is the case then the capacity for moral reasoning should be discounted when the moral problem at hand demands personal action.

The second explanation for this discrepancy is similar to the first, but is more related to organizational setting than to the nature of difficult decisions. Both the industry and government samples used in the Taiwan study came from the ranks of middle management. Reviewing results from an ethical assessment of Chinese managers in Hong Kong might shed light on the issue of moral reasoning and perceived authority versus responsibility in Taiwan. The Hong Kong study found that as authority, marked by job title, diminished, the moral standards of managers also diminished (Lee, 1981). Stature within an organization may be the mediating factor which helps explain the difference between capacity for moral reasoning and actual moral judgments. If stature is not secure, i.e., the individual is not in a recognized and respected position of authority, there is a tendency among Chinese to avoid responsibility for decisions that could cause controversy and potentially tarnish what stature they do possess (De Mente, 1989).

The third explanation for the discrepancy between capacity for higher level moral judgment and accepting responsibility in moral problems relates more to Chinese culture than to a shift in moral reasoning based on the realism of the issue at hand. The Chinese concept of social responsibility implies obedience to legitimate authority above any individual intuition as to what might constitute proper action. Pollution is a public issue and the perceived degree of personal responsibility to clean it up may not be based on an individual's personal capacity for autonomous moral reasoning. Rather, pollution control may be viewed as an issue affecting the collective well-being of society and most appropriately approached by obedience to legitimate authority. If this is the commonly accepted view then tradition holds that it is the task of groups and organizations to resolve the conflict, with little or no personal responsibility attributed to individuals (De Mente, 1989).

This does not necessarily imply a conventional, stage four type of reasoning which is less directed toward societal well-being than would be the case with postconventional moral reasoning. Lei and Cheng (1984) fear that Kohlberg's categorization of moral judgment omits key aspects of Taiwanese expressions of principled or postconventional moral reasoning. They specifically question whether the traditional Chinese value of "collective utility" is adequately accounted for in Kohlberg's postconventional stages. They have their doubts. These doubts cast a different light on the findings of this study.

If the Taiwanese culture is indeed such that collective utility and the traditional means used to attain it are as much or more an expression of postconventional reasoning than are autonomous judgments, then the ethical implications in cleaning up environmental pollution highlight the need for regulations in the conduct of business by corporations in Taiwan. Even though the Taiwanese are rapidly becoming westernized, it may well be the case that only rules which embody collective utility will move them to assume the responsibility for cleaning up pollution. Multinationals which plan to start operations or have already been operating in Taiwan should recognize this possible paradox in moral reasoning when detailing respective responsibilities in joint venture contracts. While environmental-consciousness is becoming stronger among Taiwanese, measures to control pollution are apt to follow "more appropriate right thinking and conduct within the existing framework of social relationships" (Wilson, 1981). As such, foreigners' social projections

about responsibility for pollution control and clean-up in Taiwan, if not detailed in negotiated contracts, may not find a receptive audience in Taiwan.

Since findings of this study indicated that Taiwanese negotiating styles are not determined by their levels of moral reasoning as currently measured, this might give Westerners some direction when dealing with Taiwanese business people. The study's results indicate that business people and governmental officials in Taiwan not only adhere to personal principles, but also to codified legal principles. Knowledge and awareness of both sets of principles will give Westerners some guidance in negotiating detailed legal contracts with Taiwanese on ethical issues about environment. Of particular note is the confucian doctrine of "Zung Yung." That middle-way approach is conducive to negotiations as long as the Chinese are not asked to sacrifice their basic principles.

The implication of this is two fold. First, Westerners should try to uncover the basic values of Taiwanese with whom they negotiate. But, for those negotiating with the Taiwanese, identifying their basic values is not an easy task. Chinese tend to employ relational thinking tied to actual examples rather than rely on abstract concepts (Stewart, 1972). Precise definitions are hard to pin down. And, there is an overriding influence that tempers the search for harmony – an influence which is almost universal within the Chinese culture. Consistent within the culture is the understanding that the well-being of family and close friends takes priority over abstract values such as protecting the environment. This influence has an equal presence in intercultural as well as intracultural negotiations.

The second implication is that Westerners must accept that Taiwanese are not driven as much by their moral judgment of what is right or wrong as by achieving both gain and harmony at the same time. Also to be understood is that business people and government officials in Taiwan appear to differentiate personal and public responsibilities. The Chinese are admittedly flexible in the procedures used to resolve conflicts which have moral ramifications. Some Western business people, notably Europeans, understand that flexibility and adapt to it. Americans, in contrast, have tended to be more rigid in negotiations about business concerns which have ethical implications (Becker and Fritzsche, 1987).

Acknowledging that disparate values such as family versus societal well-being, or disparate goals which might pit harmony against candor, mark negotiations with the Taiwanese, how might a Western firm approach the issue of pollution? Head on is probably the most effective way. Tacit belief that the problem will be resolved by others is likely to lead to disappointment. Westerners' concerns might be best addressed by taking the lead when negotiating detailed legal contracts on ethical issues of pollution control. Positing their concern over pollution as an integral, vital and conditional part of obtaining a harmonious agreement is a condition that can merit respect from the Taiwanese during negotiations. It also might be necessary if the firm faces domestic scrutiny for the environmental impact of its foreign operations in Taiwan. In brief, it is just smart business.

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