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# Culture, negotiations and international cooperative ventures

John L. Graham

## 1. Introduction

“You’ve all heard the story about the invention of copper wire — two Dutchmen got a hold of a penny.” This anecdote was served up during a dinner speech by the American president of a joint venture owned by an American multinational company and a comparable Dutch firm. At one level the story is a friendly gibe, although the professor from a Dutch university sitting nearby did not appreciate the American’s remarks in general or the ethnic joke in particular. Indeed, at another level the story is stereotyping of the worst sort.

However, at an even deeper level there is an important lesson here for all managers and students of joint ventures and international cooperative arrangements in general. Culture can get in the way. The American president was in his “humorous” way attributing part of the friction between him and his Dutch associates to differences in cultural values. He might have blamed personality differences or clashing “corporate” cultures, but instead he identified national cultural barriers to be a major difficulty in joint venture management. And although I (also) do not appreciate his humor, I certainly agree that cultural differences between joint venture partners and managers can cause divisive, even decisive problems.

Harrigan (1987) suggests that a crucial aspect of joint ventures is the negotiation of the original agreement. The seeds of success or failure are often sown at the negotiation table where not only financial and legal details are agreed to, but perhaps more importantly, the ambiance of cooperation is established. Indeed, as Harrigan indicates, the legal details and the structure of joint ventures are almost always modified over time, and usually through negotiations. But the atmosphere of cooperation established at the negotiation table persists or the venture fails.

The purpose of this chapter is to present selected results from a program of research investigating differences in cultural styles of business

negotiations. The study has involved more than 1000 business people in seventeen countries and cultures. The analyses reported below comprise some of the most interesting findings of the project. Other results are reported in a series of complementary articles (cf., Graham 1980; 1983; 1985a; 1985b; 1992). Here six business people from each of fourteen countries were videotaped during simulated intracultural negotiations. The content of their negotiation strategies and linguistic structural aspects of their conversations were analyzed. Our findings suggest that substantial differences exist in negotiation styles across the thirteen countries. Further, it is our supposition that such differences can cause friction, suspicion, and even failure in otherwise mutually beneficial international joint ventures.

The remainder of this chapter is organized into three sections. First, the theoretical perspective is briefly discussed. Next, methods of data collection are described. Finally, the results are summarized, conclusions are drawn, and hypotheses for future testing are suggested.

## **2. Theoretical perspective**

Despite the increasing importance of cross-national commercial relationships, business negotiations in different countries have received little attention. During the 1970s, a few articles appeared in business journals (for example, Jastram 1974; Kapoor 1974; Van Zandt 1970; Wells 1972), but they were primarily descriptive and often anecdotal. Recently, more systematic studies of negotiations in foreign countries have been undertaken. Tung (1982) considered business negotiations between American and Chinese executives. Harnett and Cummings (1980) compared bargainers' characteristics and behaviors across several cultural groups. Graham, Mintu and Rodgers (1994), investigated the determinants of business negotiation outcomes in the United States, and ten foreign countries. Weiss has provided in-depth reports of case studies of major international business negotiations (1987; 1990). Francis (1991) has considered the importance of adaptation in international business negotiations. These studies have proven valuable, but most are limited in their use of questionnaire items as measures of negotiation processes.

Most recently, the outcomes of business negotiations have been hypothesized to be the result of several factors that can be classified into three categories or kinds of theoretical constructs — individual

characteristics, situational constraints, and process measures (see Rubin — Brown 1975; Sawyer — Guetzkow 1965). Many empirical measures of both individual characteristics and situational constraints have been tested in previous research. Examples of such individual characteristics might be intelligence, self-esteem, credibility, attractiveness, and cultural background. Examples of situational constraints might include company goals, time limitations, or unequal power relations.

### **2.1. Process measures**

A few studies have focused on the process of business negotiations (for example, Dwyer — Walker 1981; Lewis — Fry 1977; Pennington 1968; Pruitt — Lewis 1975). Graham (1983: 82) has defined process measures as “qualitative and quantitative descriptions of the activities involved in a business negotiation for example, bargaining strategies.” Based on an extensive review of the negotiation literature, Rubin and Brown (1975) conclude that the behaviors of bargainers during the negotiation process affect negotiation outcomes. The kinds of behaviors they list are opening moves, countermoves, types of appeals, demands, and the like. But little work has been done to investigate relationships among process measures and negotiation outcomes, individual characteristics and situational constraints.

Moreover, because researchers have only recently turned their attention to process measures, concepts and operational definitions remain vague and relations not adequately specified. The present study focuses on the development of operational definitions of process measures using observational methods. Further, special attention is given to the influence of national culture on these process measures.

### **2.2. Cultural differences in business negotiation processes**

Culture has been a difficult concept to deal with in any consistent way. Anthropologists and sociologists have been arguing over definitions for years. Culture has appeared in the marketing literature primarily as a determinant of consumer behavior (for example, Engel — Blackwell 1982), but operational definitions seem to have varied from study to study. Perhaps the most widely accepted definition is that professed by Linton: “A culture is a configuration of learned behaviors and results of

behavior whose component parts are shared and transmitted by members of a particular society” (Linton 1945: 5). The important part of the definition for the present research is the idea that behaviors are shared by members of a particular culture. Or as Spiro put it, “members of a given society behave in uniform and predictable ways” (Spiro 1950: 20). A central goal of the study is to discover what shared behaviors manifest themselves during business negotiations in the thirteen countries.

In addition to the bargaining behaviors being consistent within cultures, several authors have suggested that negotiation processes differ across cultures (for example, Condon 1974; Frake 1972; Kay 1970; Sawyer — Guetzkow 1965; Van Zandt 1970). Therefore, a second purpose of this work is to identify how bargaining processes in several countries might differ from one another.

### 2.3. Content versus context

Aside from the cultural differences in negotiation behaviors discovered, perhaps the most important implication of the study regards the “content versus context” issue. Social psychologists have focused on the verbal content of negotiation in their research. Alternatively, linguistic theory holds that consideration of only verbal content yields inadequate understandings of interpersonal interactions. Sociolinguists emphasize the importance of the context of communication of nonverbal and structural aspects of language. Our results suggest that the linguists are correct.

Simply stated, the *content* of conversation is *what* is said, while the *context* is *how* it is said. The distinction is both theoretically and practically a “fuzzy” one. Several researchers have developed schemes for categorizing the *what* aspects of negotiations (e.g., Angelmar — Stern 1978; Bales 1950; Bonoma — Felder 1977; Pennington 1968; Pruitt Lewis 1975; Walton — McKersie 1965), and used these schemes to analyze the verbal content of bargaining interactions. More recently, the *how* of meaning has also been considered. Take, for example, the interaction described and interpreted in *The Wall Street Journal*:

The Japanese executive sucks in air through his teeth and exclaims, “Sa! That will be very difficult!” What he really means is just plain “no.” But the Japanese consider an absolute “no” to be offensive and usually seek a euphemistic term. That’s why in Japan, the “difficult” really may be impossible. The American on the other side of the negotiation table knows none

of this and presses ahead to resolve the “difficulty.” The Japanese finds this inexplicable persistence to be abnormally pushy. The atmosphere deteriorates, and sure enough, the big deal falls through (Ricklefs 1978: 4).

How do we understand the meaning of the word “difficult?” Does it mean “no” or “maybe?” Ethnomethodologists emphasize the importance of context as well as content for establishing a shared meaning of communication. The idea is that communication must be considered as an integrated whole, content and context; and context has often been “taken for granted” in previous negotiation studies.

Certainly the reality of any particular situation provides much of the context for making decisions about meaning. And so does all previous communication between actors. Gumperz (1979) has posited that humans, in the course of interaction, also indicate context for interpretation of verbal communications through the use of contextualization cues. He explains:

Our hypothesis is that conversational inference, i.e., the process by which speakers interpret what is intended by a conversational contribution, is in part determined by a system of conventional discourse-level verbal and non-verbal signals. These signals, termed “contextualization cues,” serve to signal the way in which any conversational contribution is to be understood, in light of the participants’ expectations and the situation at hand (Gumperz 1979: 2).

An example of a contextualization cue might be a rise in tone of voice to indicate or underline an important point. Gumperz and his associates have also found that contextualization cues vary across cultures. They are behaviors learned in the course of the individuals’ socialization. Further, he suggests that these differences are often the cause of misunderstandings that can have serious consequences (e.g., failed negotiations) in cross-cultural interactions.

Authors in other fields also emphasize the importance of context. For example, Bonoma and Felder (1977) and Seldow and Thomas (1984) offer alternative definitions of context, non-verbal behaviors and relational communication, respectively. Hall (1976), Cateora (1983), and Graham (1987) argue that the influence of context varies across cultures. Cateora states, “communication in a high-context culture depends heavily on the context or non-verbal aspects of communication, whereas the low-context culture depends more on explicit, verbally expressed communication” (1983: 133). In the present study both content and context are considered.

### **3. Methods**

#### **3.1. Sample**

The participants in the experiment are six business people from each of the fourteen cultures (Japanese, Korean, Taiwanese, Chinese, Russian, German, English, French, Spanish, Brazilian, Mexican, French Canadian, English Canadian, and American (U.S.)). All were participating in executive or Master's of Business Administration (MBA) programs and all volunteered for this study. All received college educations and all have had at least two years' business experience in their respective countries. The sample was limited to experienced business people because Fouraker and Siegel (1963) reported differences in the bargaining behavior of students and businesspeople.

#### **3.2. Laboratory setting**

The negotiation simulation, developed by Kelley (1966) and used by Pruitt and Lewis (1975) and Lewis and Fry (1977) involves bargaining over three related issues. Differing amounts and types of background information can be included with the basic pay-off matrices, depending on the focus of the research. The simulation is simple enough to be learned quickly, but complex enough to provide usually one half hour of face-to-face interaction. Forty-two negotiations were conducted — three for each group.

#### **3.3. Data collection**

The forty-two interactions were videotaped using a wide-angle perspective to capture postures, body movements, and interpersonal distances. Participants were asked to evaluate the obtrusiveness of the setting on questionnaires following the negotiation game and they reported a minimum of discomfort.

#### **3.4. Verbal behaviors**

As mentioned, a primary purpose in this exploratory work is the identification and clarification of process measures. Consequently, the discussion

in the sections to follow are organized as a "list" of process measures. Associated with each item on the "list" are operational definitions, a brief account of the method of measurement, and mention of apparent differences among the thirteen cultural groups.

The first step in the measurement and analysis of verbal behaviors during the business negotiations is the transcription of the audio portion of the videotapes. This is a potential source of error in measurement. A complete check of the transcript revealed some minor mistakes, and these were corrected.

The second step in the measurement and analysis process consisted of translation of the non-English interactions. With one exception native speakers of the foreign languages were instructed to "make the translations as literal as possible while still communicating the intended meaning." The quality of the English grammar, etc. was not the primary consideration. The exception to the native speaker rule regarded the Russian translation, wherein a 20 year American resident of Moscow did the work.

### **3.5. Content analysis**

Angelmar and Stern (1978) have described a content analysis scheme developed specifically for the analysis of bargaining communications in business settings. Utterances by participants are classified into twelve categories. The categories and definitions are listed in Table 1. Angelmar and Stern report positive results from a reliability and validity assessment of the system applied to written communications. The present study is one of the few to apply the scheme to transcripts of conversations. Coding transcribed conversations is a more difficult undertaking; spoken words are the only channel of communication. Transcripts do not include information communicated through other channels such as proxemics, prosody, kinetics, or facial expression. Theory indicates that these channels also may be important for accurate interpretation and measurement of conversational contributions.

Two coders were employed in classifying segments of the conversation into twelve bargaining categories. The author coded all forty-two interactions and research assistants (ignorant of the theory and hypotheses involved in the study) coded three interactions to provide a reliability check. The author is cognizant of the possible biases involved in using coders informed about the theory applied in the research. However,



*Table 1.* Verbal negotiation tactics (The “what” of communications)

Bargaining Behaviors and Definitions (Anglemar and Stern, 1978)	Cultures (in each group, n = 6)		
	JPN	KOR	TWN
<b>Promise.</b> A statement in which the source indicated his intention to provide the target with a reinforcing consequence which source anticipates target will evaluate as pleasant, positive, or rewarding	7*	4	9
<b>Threat.</b> Same as promise, except that the reinforcing consequences are thought to be noxious, unpleasant, or punishing.	4	2	2
<b>Recommendation.</b> A statement in which the source predicts that a pleasant environmental consequence will occur to the target. Its occurrence is not under source's control	7	1	5
<b>Warning.</b> Same as recommendation, except that the consequences are thought to be unpleasant.	2	0	3
<b>Reward.</b> A statement by the source that is thought to create pleasant consequences for the target.	1	3	2
<b>Punishment.</b> Same as reward, except that the consequences are thought to be unpleasant.	1	5	1
<b>Positive normative appeal.</b> A statement in which the source indicates that the target's past, present, or future behavior was or will be in conformity with social norms.	1	1	0
<b>Negative normative appeal.</b> Same as positive normative appeal except that the target's behavior is in violation of social norms.	3	2	1
<b>Commitment.</b> A statement by the source to the effect that its future bids will not go below or above a certain level.	15	13	9
<b>Self-disclosure.</b> A statement in which the source reveals information about itself.	34	36	42
<b>Question.</b> A statement in which the source asks the target to reveal information about itself.	20	21	14
<b>Command.</b> A statement in which the source suggests that the target perform a certain behavior.	8	13	11

\* Read “7% of the statements made by Japanese negotiators were promises.”

<sup>a</sup> northern China (Tianjin and environs)

*Table 1 (contd.)*

CHN <sup>a</sup>	RUSS	GRM	UK	FRN	SPN	BRZ	MEX	FCAN	ECAN	USA
6	5	7	11	5	11	3	7	8	6	8
1	3	3	3	5	2	2	1	3	0	4
2	4	5	6	3	4	5	8	5	4	4
1	0	1	1	3	1	1	2	5	0	1
1	3	4	5	3	3	2	1	1	3	2
0	1	2	0	3	2	3	0	2	1	3
1	0	0	0	0	0	0	0	1	0	1
0	0	1	1	0	1	1	1	2	1	1
10	11	9	13	10	9	8	9	8	14	13
36	40	47	39	42	34	39	38	42	34	36
34	27	11	15	18	17	22	27	19	26	20
7	7	12	9	9	17	14	7	5	10	6

resource constraints necessitate this less-than-ideal state. Significantly, analysis of discrepancies in coding between the two coders revealed this source of bias to be minimal. Intercoder reliability was 63 %, comparable to Angelmar and Stern (1978) wherein they report 66 % agreement for coding written negotiations.

The data presented in Table 1 represent the percentage of each category of behavior used averaged across the six negotiators in each country. For example, the number of promises used by a single American negotiator was divided by the total behavior coded for that negotiator, then the average percentage of promises across the six American negotiators was calculated and reported in the upper left corner of Table 1. Such a procedure allows for comparisons across the cultural groups controlling for differences in time spent negotiating.

### 3.6. Structural Aspects (“no” and “you”)

Graham (1985b) suggests that the simple counting of these two words may shed light on subtle differences in cultural styles of persuasion. He found substantial differences between the frequency of the use of the word “no” by Brazilian bargainers as opposed to American and Japanese. Several authors (e.g., Nakane 1970; Ueda 1974; Van Zandt 1970) indicate that Japanese negotiators seldom use the word “no” during negotiations. Graham (1985b) also notes a Brazilian propensity to speak more frequently in the second person using the pronoun “you.” The number of times each word was used was tallied for each negotiator then multiplied by the time of the negotiation in minutes and then divided by thirty minutes to provide a frequency measure which might be compared across the various groups. Intercoder reliability (calculated using Guetzkow’s 1960 formula for marginal reliability, the difference in the number of units between coders as a percentage of the sum of the units) was calculated for three of the interactions and found to be 1 %.

### 3.7. Nonverbal behaviors

In this section of explorations into the process of buyer-seller negotiations, nonverbal aspects of the videotaped interactions were considered.

First the rhythm of the conversations will be discussed, specifically examining silent periods and conversational overlaps. Next, gaze direction of the participants will be considered. Lastly, findings related to touching during negotiations are presented. All measurements in this section have been derived irrespective of the verbal content of the interactions to avoid potential bias, that is, the tapes could be coded without knowledge of the language spoken. Reliability of the coding was calculated for all the nonverbal behaviors by having a second assistant code three interactions using a marginal reliability approach (difference in the tallies of the two coders divided by the sum of the two coders). These numbers are reported at the end of each section to follow.

### **3.8. Conversational coordination**

Communication theory suggests that when two people are effectively sharing ideas, their communication behaviors — both verbal and nonverbal—will be rhythmically coordinated (Condon 1968; Erickson 1976; Gumperz 1979). Here two measures of conversational coordination, “silent periods” and “conversational overlaps,” are operationally defined, and findings are reported below.

(1) Silent Periods. Silent periods are defined as gaps in conversations ten seconds or more in duration. The time period of ten seconds was selected somewhat arbitrarily, but it is a long enough period of silence to appear unnatural to most American observers. The tapes were searched for gaps in conversations of 10 seconds or more, and these gaps were noted on the transcripts and tallied (see Table 2). Once again the frequency of occurrence was calculated by multiplying the number of silent periods by the duration at each negotiation divided by thirty minutes (marginal reliability < 1 %).

(2) Conversational Overlaps. The concept of “interactional synchrony,” the unconscious coordination of verbal and nonverbal behaviors of two or more participants in a conversation, is discussed at length by Graham (1980). One possible measure of this construct is the number of conversational overlaps or interruptions during a conversation. Conversational overlaps are defined here as periods when both speakers are talking simultaneously, or when the conversational contribution of one speaker overlaps that of the other speaker. Identification of such overlaps is independent of the verbal content of the interactions. In the

*Table 2.* Linguistic aspects of language and nonverbal behaviors (“How” things are said)

Bargaining Behaviors (per 30 minutes)	Cultures (in each group, n = 6)		
	JPN	KOR	TWN
<b>Structural Aspects</b>			
“No’s.” The number of times the word “no” was used by each negotiator.	1.9	7.4	5.9
“You’s.” The number of times the word “you” was used by each negotiator.	31.5	34.2	36.6
<b>Nonverbal Behaviors</b>			
Silent Periods. The number of conversational gaps of 10 seconds or longer.	2.5	0	0
Conversational Overlaps. Number of interruptions.	6.2	22.0	12.3
Facial Gazing. Number of minutes negotiators spent looking at opponent’s face.	3.9	9.9	19.7
Touching. Incidents of bargainers touching one another (not including handshaking).	0	0	0

<sup>a</sup> northern China (Tianjin and environs)

present work, the videotapes were searched for overlaps, and such interruptions in the flow of conversation were noted on the transcripts. Frequencies were calculated as above and reported in Table 2 (marginal reliability = 10%).

### 3.9. Facial gazing

The third nonverbal variable to be considered is facial gazing. Other researchers have found significant relationships between facial gazing and outcomes of negotiations (Lewis — Fry 1977). Moreover, several authors have suggested differences in facial gazing behavior across cultures (Argyle — Cook 1976).

In this study, facial gazing is defined as the percentage of time a bargainer gazes at the face of his opponent. Ten-minute videotape excerpts of each of the forty-two interactions served as data

Table 2 (contd.)

CHN <sup>a</sup>	RUSS	GRM	UK	FRN	SPN	BRZ	MEX	FCAN	ECAN	USA
1.5	2.3	6.7	5.4	11.3	23.2	41.9	4.5	7.0	10.1	4.5
26.8	23.6	39.7	54.8	70.2	73.3	90.4	56.3	72.4	64.4	54.1
2.3	3.7	0	2.5	1.0	0	0	1.1	0.2	2.9	1.7
17.1	13.3	20.8	5.3	20.7	28.0	14.3	10.6	24.0	17.0	5.1
11.1	8.7	10.2	9.0	16.0	13.7	15.6	14.7	18.8	10.4	10.0
0	0	0	0	0.1	0	4.7	0	0	0	0

here. Using a stopwatch, two observers recorded the time each participant spent gazing at his opponent's face. The method used was very similar to that reported by Lewis and Fry (1977), except that here videotapes were reviewed rather than real-time interactions. Using videotapes is a more reliable technique, allowing reviews and reliability checks.

### 3.10. Touching

Finally, the number of times a negotiator touched a partner (excluding beginning and ending handshaking) was recorded for each interaction (marginal reliability = 0%).

## 4. Discussion

### 4.1. Results

The results from the analyses are presented in Tables 1 and 2. The unexpected similarities among the fourteen groups are perhaps more striking than the differences. Particularly with regard to Anglemar and Stern's (1978) content analysis scheme, negotiation styles appear to be surprisingly consistent across the fourteen cultural groups. Negotiations in all cultures studied are composed primarily of information exchange tactics — questions and self-disclosures.

### 4.2. Nonverbal behaviors

Reported in Table 2 are the analyses of some linguistic aspects and nonverbal behaviors for the fourteen videotaped groups, as in Graham (1985 b). While our efforts here merely scratch the surface of these kinds of behavioral analyses, they still provide indications of substantial cultural differences. Note that the Japanese are at, or next to, the end of almost every dimension of the behaviors listed in Table 2. Their facial gazing and touching are the least among the fourteen groups. Only the northern Chinese used the words "no" less frequently and only the Russians used more silent periods than did the Japanese.

A broader examination of the data in Tables 1 and 2 reveals a more meaningful conclusion. That is, the variation across cultures is greater when comparing linguistic aspects of language and nonverbal behaviors than when the verbal content of negotiations is considered. For example, notice the great differences between Japanese and Brazilians in Table 1 vis-à-vis Table 2.

Following are further descriptions of the distinctive aspects of each of the fourteen cultural groups we have videotaped. Certainly, we cannot draw conclusions about the individual cultures from an analysis of only six business people in each, but the *suggested* cultural differences are worthwhile to consider briefly.

*Japan.* Consistent with most descriptions of Japanese negotiation behavior in the literature, the results of this analysis suggest their style of interaction to be the least aggressive (or most polite). Threats, commands, and warnings appear to be deemphasized in favor of the more

positive promises, recommendations, and commitments. Particularly indicative of their polite conversational style was their infrequent use of “no” and “you” and facial gazing, as well as more frequent silent periods.

*Korea.* Perhaps one of the more interesting aspects of this study is the contrast of the Asian styles of negotiations. Non-Asians often generalize about the Orient. Our findings demonstrate that this is a mistake. Korean negotiators used considerably more punishments and commands than did the Japanese. Koreans used the word “no” and interrupted more than three times as frequently as the Japanese. Moreover, no silent periods occurred between Korean negotiators.

*China* (northern). The behaviors of the negotiators from northern China (i.e., in and around Tianjin) are most remarkable in the emphasis on asking questions (34%). Indeed, 70% of the statements made by the Chinese negotiators were classified as information exchange tactics. Other aspects of their behavior were quite similar to the Japanese — the use of “no” and “you” and silent periods.

*Taiwan.* The behavior of the business people in Taiwan was quite different from that in China and Japan but similar to that in Korea. The Chinese on Taiwan were exceptional in the time of facial gazing, on the average almost 20 out of 30 minutes. They asked fewer questions and provided more information (self-disclosures) than did any of the other Asian groups.

*Russia.* The Russians' style was quite different from that of any other European group, and, indeed, was quite similar in many respects to the style of the Japanese. They used “no” and “you” infrequently and used the most silent periods of any group. Only the Japanese did less facial gazing, and only the Chinese asked a greater percentage of questions.

*Germany.* The behaviors of the western Germans are difficult to characterize because they fell toward the center of almost all of the categories. However, the Germans were exceptional in the high percentage of self-disclosures at 47% and the low percentage of questions at 11%.

*United Kingdom.* The behaviors of the British negotiators are remarkably similar to those of the Americans in all respects.

*Spain.* *Diga* is perhaps a good metaphor for the Spanish approach to negotiations evinced in the data. When you make a phone call in Madrid, the usual greeting on the other end is not *hola* ('hello') but is, instead, *diga* ('speak'). The Spaniards likewise used the highest percentage of commands (17%) of any of the groups and gave comparatively little



information (self-disclosures, 34%). Moreover, they interrupted one another more frequently than any other group, and they used the term “no” and “you” very frequently.

*France.* The style of the French negotiators is perhaps the most aggressive of all the groups. In particular, they used the highest percentage of threats and warnings (together, 8%). They also used interruptions, facial gazing and “no” and “you” very frequently compared to the other groups, and one of the French negotiators touched his partner on the arm during the simulation.

*Brazil.* The Brazilian business people, like the French and Spanish, were quite aggressive. They used the highest percentage of commands of all the groups. On average, the Brazilians said the word “no” 42 times, “you” 90 times, and touched one another on the arm about 5 times during 30 minutes of negotiation. Facial gazing was also high.

*Mexico.* The patterns of Mexican behavior are good reminders of the dangers of regional or language-group generalizations. Both verbal and nonverbal behaviors are quite different than those of their Latin American (Brazilian) or continental (Spanish) cousins. Indeed, Mexicans answer the telephone with the much less demanding *bueno*. In many respects, the Mexican behavior is very similar to that of the negotiators from the United States.

*Francophone Canada.* The French-speaking Canadians behave quite similarly to their continental cousins. Like the negotiators from France, they, too, used high percentages of threats and warnings, and even more interruptions and eye contact. Such an aggressive interaction style would not mix well with some of the more low-key styles of some of the Asian groups or with English speakers, including Anglophone Canadians.

*Anglophone Canada.* The Canadians who speak English as their first language used the lowest percentage of aggressive persuasive tactics (that is, threats, warnings and punishments totaled only 1%) of all fourteen groups. Perhaps, as communications researchers suggest, such stylistic differences are the seeds of interethnic discord as witnessed in Canada over the years. With respect to international negotiations, the Anglophone Canadians used noticeably more interruptions and “no’s” than negotiators from either of Canada’s major trading partners, the United States and Japan.

*United States.* Like the Germans and the British, the Americans fell in the middle of most categories. They did interrupt one another less frequently than all the others, but that was their sole distinction.

These differences across cultures are quite complex. The key here is to be aware of these kinds of differences so one doesn't misinterpret the Japanese silence, the Brazilian "no, no, no...", or the French threat.

#### **4.3. Content versus context**

The findings of this study clearly suggest that our understanding of negotiation processes is incomplete and perhaps inadequate if we rely solely on analyses of verbal content. As Gumperz (1979) and others suggest, the context of communication is crucial. Indeed, at the level of Angelmar and Stern's (1978) content analysis, it is most difficult to distinguish between cultural styles of bargaining. However, consideration of both the structural aspects of language and nonverbal behaviors yields substantial differences among the groups. That is, cultural background of the negotiators affects the "contextual" more than the content-related aspects of the negotiation process. This is consistent with the findings of Neu and Graham (in press) who report that context variables have stronger influences on negotiation outcomes than do content variables.

### **5. Conclusions**

These results, of course, are not definitive. The small sample sizes do not allow for tests of statistical significance. How representative the participants are is problematic. They are all experienced business people and citizens and permanent residents in each of their countries, which is an improvement over most other business negotiation research where students are used as surrogates for bargainers. But how well six business people represent a "cultural style" cannot be determined. Finally, external validity of the experimental setting is questionable. However, this work represents an improvement over most other business negotiation research by the use of face-to-face communication instead of written or electronic means. The value and strength of this study are the observational methods used to measure the negotiation process. Videotaping allows for multiple observers and multiple observations concurrent with the bargaining process. Thus, the reliability and validity of the process measures developed does not depend on a priori

experimental manipulations or post hoc participant self-reports. The methods developed in this study are time consuming and expensive but, as these findings suggest, potentially fruitful.

Cross-cultural interactions were not explicitly considered here. Graham (1980; 1985b) and Adler and Graham (1989) report findings from such studies. Generally, the findings indicate that such cultural differences in bargaining process as described above are potential sources for friction and misunderstandings between bargainers that often result in increased transaction costs in international commercial relationships. For example, frequent interruptions of American negotiators by Brazilian counterparts can lead to irritation and to inaccurate attributions of rudeness when Brazilian executives are just conforming to Brazilian norms for interactions. Likewise, lack of eye contact from Japanese partners during negotiations may lead to Americans' suspicions and attributions of Japanese secrecy or even dishonesty. And such problems can destroy cooperative relationships and preclude otherwise mutually beneficial commercial agreements.

Perhaps the most worrisome of our findings is that greater differences were related to how things were said than to what was said. That is, the negotiation styles of the fourteen cultural groups are surprisingly similar at the level of content. The clearest contrasts between groups were found in structural and nonverbal aspects of conversational styles. Such differences are generally not consciously perceived by negotiators. These "hidden" problems lead not only to ethnic jokes, but worse yet to cross-cultural disharmony, prejudices, and perceptions and feelings of ill will. Thus, that necessary condition for joint venture success — an ambiance of cooperation — can be lost for no apparent reason other than cultural misunderstanding.

The findings of this study suggest that substantial differences in bargaining styles exist across cultures. Reliable and valid measures of negotiation processes have been developed. This exploratory work deserves follow-up research with larger sample sizes. Increased statistical power associated with larger samples would allow for investigations of not only the culture → process relationship but also more complex relations such as culture → process → negotiation outcomes. The findings of such studies will hold important implications for training business executives and students to manage more efficiently the international relationships of the future, increasingly taking place in a more global marketplace.

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