The divergence of Eastern and Western cultural and personality traits of entrepreneurs engaged in commercial negotiations

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ABSTRACT

There are significant differences in negotiation approach depending on one's cultural and personality trait. Western negotiators are trained to focus on the content of their objectives and skilled in putting cogent proposals across the negotiating table in order to get a result. They generally don’t, however, put enough thought into evaluating the underlying culture and personality of the person they are dealing with and how they could negotiate more effectively. On the other hand, Eastern negotiators consider the negotiation process as a long courtship potentially leading to a long and trusted relationship. They engage in a multi-layered approach and often send “hot” or “cold” signals to draw out the underlying personality of their counterpart. This paper reviews the divergent approaches to negotiation from the Western perspective and proposes that a larger research be undertaken to consider the Eastern perspective by looking at the cultural and personality traits of entrepreneurs engaged in commercial negotiations, and proposes the development of a convergent model of principles applicable to such a cultural mix.

Keywords: negotiation, culture, personality traits, entrepreneurship
INTRODUCTION

It is often said that “negotiation is the art of letting others have your way”. While this might sound opportunistic and calculated, in simplistic terms negotiation is all about persuading your counterpart to say “yes” in order to meet all of your real interest.

However, the importance of the cultural and personality traits of entrepreneurs engaged in commercial dealings, particularly from an Eastern viewpoint, is a critical aspect of negotiation which is often overlooked in a rapidly changing commercial and corporate landscape.

In the corporate environment, Sebenius (2001) considered that “executives might know a lot about negotiating but still fall prey to a set of common errors”. He proffered six mistakes that keep negotiators from solving the right problem. These mistakes could be summarised as follows:

- Failing to see or neglecting the other side’s problem
- Dictating price over other interests
- Pushing positions over real interests
- Searching too hard for common ground
- Neglecting to find “the best alternative to a negotiated settlement”
- Failing to correct biases and wrong perceptions

These mistakes, at first instance, seem to be capable of being rectified by a simple process of understanding the rules of the negotiation game. Such an approach, however, adopts a focus on the content of the process with a view of putting a better proposal across the negotiation table. They generally don’t put enough thought into evaluating the underlying personality of the opposite party and how the proposal could be delivered creatively and effectively meeting not only the objectives of the deal but each party’s cultural viewpoints.
Since the emergence of the global financial crisis in late 1998, entrepreneurs have been identified as the catalysts to drive growth, employment, development and commercialisation (Taylor 2009). Despite the downturn, entrepreneurs are enjoying a renaissance the world over (Wooldridge 2009).

Looking at a global perspective, while the United States of America still leads the world in entrepreneurial ventures, India and China are creating millions of entrepreneurs; Israel, Denmark and Singapore are showing how entrepreneurism can thrive in different climates, and New Zealand, despite its geographical isolation, leads the world in the creation of small and medium sized enterprises.

Successful entrepreneurs are also forming some surprising cross-border collaborations (Wooldridge 2009). Given the divergent styles and approaches and the emergence of the Asian economies in the industrialisation of products and technological innovation, this paper considers how differences in culture and personality traits affect the way how parties engage in commercial negotiations and arrive at a “win-win” deal. The internationalisation and global expansion makes this research project appropriate to international negotiation, particularly regarding the divergence of Eastern and Western cultural and personality traits.

The authors of this paper are examining the negotiation styles developed in the Western culture by reviewing the literature available in the Western context, and propose a convergent model of principles which could be further researched and developed in order to bring the Eastern cultural perspective to the forefront of any commercial negotiation process.
LITERATURE REVIEW

Negotiation styles

From a Western perspective, much theory on negotiation has developed over the last 30 years and behavioural studies have emerged to describe how people actually negotiate (Malhotra and Bazerman 2007; Lax and Sebenius 2006; 2003; 1986; Fisher and Shapiro 2005; Ertel 2004; Sebenius 2001; Conger 1998; Bazerman and Neale 1992; Raifa 1985; Ury and Fisher 1981).

Ury and Fisher (1981) expounded four methods on how to negotiate: separate the people from the problem; focus on interests, not positions; invent options for mutual gains; and insist on using objective criteria.

The complexities of commerce and culture, however, bring on a new kind of tension – how to create “win-win” deal on the one hand and how to align different parties’ expectations based on their respective culture and values?

While these methods are generally applicable today as when it was first introduced by Fisher and Ury (1981), they are, however, based on Western thinking. Times have changed with easy access to technology by emerging nations and ease of doing business between continents thereby creating a hot-pot of knowledge and cultural diversity.

In order to be a more effective negotiator in today’s times, it is necessary to reinforce the proposition that all negotiations must begin with understanding the individual’s personality traits and culture (Lye 2009).

The goal thereafter is to acquire a new way of looking at the negotiation process in order to find and implement a sustainable solution that meets both parties’ objectives and cultural viewpoints. Ultimately, it is still a game to be played out by the parties.
Understanding personality traits

Everyone has a preferred habit of thought that influence how decisions are made when interacting with others. It is important, however, to understand the general characteristics of the different personality traits and cultural issues during the negotiations process in order to better prepare and tailor negotiation strategies for better outcomes. The question is: from which cultural angle should one’s personality traits be assessed?

Williams and Miller (2002) considered that there were five behavioural styles of decision making that arises after conducting research into the decision making styles of more than 1,600 executives. They are charismatics, thinkers, skeptics, followers and controllers.

According to Williams and Miller (2002), charismatics are enthusiastic, captivating, talkative, and dominant. They like new ideas but through experience they look for balanced information, not just emotions. In order to negotiate effectively with such a person, they suggest resisting the urge to join in the excitement but to focus the discussion on results. Simple and succinct arguments supported by visual aids are most effective when discussing about features and benefits of the transaction or deal.

Thinkers are more difficult to persuade. Thinkers thrive on logic and intelligent discussion. They like arguments that are validated by data. They are conservative, averse to risks and generally slow to make a decision. Negotiating with thinkers would be futile if you are not prepared with supporting data to back your argument or message. Thinkers like to see all options.

Skeptics are the naysayers. They tend to be critical and demanding. They can be destructive and argumentative. They also tend to be suspicious of anything presented to them
which fall outside their viewpoint. They can be aggressive and like to take control of the situation. In order to break the barriers when negotiating with skeptics, gaining credibility prior to commencing negotiation is the key ingredient.

Followers regard precedent as paramount. They tend to be cautious and averse to risks. They like to see proven methods and value track records. When negotiating with a follower, the more success stories provided the easier it is to break down the barriers and persuade followers to embrace your point of view.

Controllers don’t like uncertainties and ambiguity. They like to know the facts and analysis. They tend to be logical, objective and unemotional. Negotiating with controllers require a structured and methodical approach supported by detailed analysis. Controllers like “feasibility studies”.

Their research showed that when it came to making tough decisions that required complex considerations and serious consequences people tend to resort to a single, dominant style (Williams and Miller 2002, p. 66).

From a Western perspective, these categories are a convenient way to label or describe the behaviour of groups of people within the context of their culture. From an Eastern perspective, such descriptive categorisations could be summed up in the words of Sun Tzu:

“Know the other and know yourself, one hundred challenges without danger. Know not the other and yet know yourself, one triumph for one defeat. Know not the other and know not yourself, every challenge is certain peril.” (Wing 1988)

The application of “know the other” in the Eastern culture, however, differs from merely identifying dominant styles of behaviour. In the Eastern culture, it is more akin to a spiritual assessment involving deeper insights into one’s own philosophies and values.
For example, the Chinese are well versed in the learned sayings from Confucius, Lao Tsu and other philosophers. Such sayings are used to measure one’s opponent, rather than a purely descriptive viewpoint of their predilection.

**The cultural connection**

Knowing culture and its values is therefore vital in being able to negotiate effectively (Morrison and Conaway 2007; Graham and Lam 2003).

The Chinese culture is rooted in agrarianism, morality, pictorial language and a wariness of foreigners (Graham and Lam 2003, pp. 84-85). These threads of culture might help explain the importance of a communal or collective approach adopted by the Chinese and the hierarchical importance of the rank and file amongst the Chinese.

Graham and Lam (2003, p. 84) also considered that “Chinese negotiators are more concerned with the means than the end, with the process more than the goal”.

Contrast the Western style of negotiation where importance is placed on process and reaching a result based on achieving the metrics of price and target objectives.

The Chinese also places great importance on personal connections and social status. Although the same ideology exists in Western culture, the difference is not just about “who you know” but it converges to “who knows who”. Underpinning this approach is the appearance of “keeping a distance” through the use of nominees or facilitators thereby allowing the parties to build trust slowly but at the same time providing an avenue for saving face as a means of escape.

Communication is also another hurdle as the Chinese language is a pictorial language and tends to convey “layered messages” rather than “straight talking”. While Mandarin might be the main spoken and written language in China, there are hundreds of dialects. Reading and interpreting these subtleties and hidden meanings are essential.
Clearly, cultural differences and language have an impact on how one approaches the negotiation process.

**METHODOLOGY**

This paper reports on a scan of the literature by using the electronic database of EBSCOhost to locate relevant literature in the Western context. This review has been undertaken as a precursor to a larger research that will involve consideration of literature in the Eastern context with a view of developing a conceptual model of principles.

The current literatures reviewed do not adequately deal with the cultural and personality matrix of an Eastern party involved in a commercial negotiation transaction with a Western party in the context of entrepreneurship.

Rae (2004) considered the use of “practical theory” as a resource in entrepreneurial learning. He proffered that “practical theory emerges from the implicit, intuitive, tacit and situated resource of practice, whereas academic theory is abstract, generalised, explicit and seeks to be provable.”

The larger research to be undertaken would involve developing practical theories of action from the narrative life stories created by interviewing entrepreneurs engaged in commercial negotiations across cultural boundaries.

By using an interpretive research approach (Gummeson 2003) to discover the cultural and personality traits of entrepreneurs will lend itself to entrepreneurial learning.

It is therefore proposed that the larger research will consider the following dimensions of cultural profile:
Figure 1: Dimensions of cultural profile

<table>
<thead>
<tr>
<th></th>
<th>Eastern culture</th>
<th>Western culture</th>
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<tbody>
<tr>
<td>Approach</td>
<td>Collective thinking and collaboration. Personal connections</td>
<td>Individual focused</td>
</tr>
<tr>
<td>Hierarchy</td>
<td>Face saving and respect for rank and file</td>
<td>Equality amongst peers</td>
</tr>
<tr>
<td>Task</td>
<td>Slow to get to first base. Reliant on research</td>
<td>Quick results required. High level overview assessment</td>
</tr>
<tr>
<td>Communication</td>
<td>Layered messages and use of intermediaries</td>
<td>Direct, blunt and to the point</td>
</tr>
<tr>
<td>People</td>
<td>Relationship first. Business second</td>
<td>Business first. Relationship second</td>
</tr>
<tr>
<td>Goal</td>
<td>Long term and bigger picture</td>
<td>Short term results and rapid decision making</td>
</tr>
<tr>
<td>Strategy</td>
<td>Build to keep</td>
<td>Build to sell</td>
</tr>
</tbody>
</table>

The major difference between the Eastern approach and the Western approach in the negotiation process is where one party seeks to establish a relationship or connection first and the other is looking for a result or a gain first.

A consideration of the cultural and personality traits by understanding the specific dimensions of each party’s cultural profile will go beyond merely addressing a set of behavioural styles. Discourse material will be used to support and illustrate the practical theories of commercial negotiation amongst entrepreneurs of differing cultural and personality traits.
RESULTS AND DISCUSSION

Western values and culture obviously differ markedly from the Asian culture. It is often the case that Western negotiators see Chinese negotiators as inefficient, indirect and even dishonest, while the Chinese see Western, particularly American, negotiators as aggressive, impersonal and excitable (Graham and Lam 2003).

Behavioural styles as suggested by Williams and Miller (2002) alone are not sufficient to navigate between cultural differences. Understanding the roots of each culture is essential for effective negotiation.

Yet, using a Western negotiation approach to an Eastern culture and vice versa is often incongruous. Cultural differences and language have an impact on how one approaches the negotiation process. These differences arrive at truth in different ways (Morrison and Conaway 2007).

It is important therefore to work out the differences and then to find ways to benefit from that understanding.

For example, when dealing the Chinese, there are groups of Chinese comprising of Malaysian Chinese, Singaporean Chinese, Hong Kong Chinese, Mainland Chinese, Taiwanese Chinese, Indonesian Chinese, etc. How does one engage in commercial negotiations with each of these different cultural types?

Given the rise of China as industrialised nations and the regionalisation of trade amongst the South East Asian countries, it is inevitable that traditional methods of negotiation based on Western learning ought to be revisited to understand the interaction between these approaches and formulate a new model of principles applicable to a diverse cultural mix.
A new model must encompass the concept of establishing credibility and acceptance of diversity. Conger (1998) considered that “effective persuasion becomes a negotiating and learning process through which a persuader leads colleagues to a problem’s shared solution”.

CONCLUSION

The literature review highlights that most negotiation concepts are taught and learnt from a Western perspective. These principles are nevertheless effective in helping an entrepreneur through a commercial negotiation process. However, by limiting the learning to a set of rules and approaches developed in the Western context, it limits the potential use of Eastern viewpoints, where literatures of the learned philosophers have been the imprint in which negotiations are based upon.

The larger research proposed in this paper will provide an understanding of how each culture differs in negotiation styles and develop a model of principles as to how to recognise and deal with such differences to better enable parties to develop effective strategies for their commercial negotiations.

It will examine the differences in negotiation styles of selected entrepreneurs within the Asia Pacific region (benchmarking them to Australian and New Zealand entrepreneurs) and build upon the commonalities between these cultures and Western culture and dissect the differences to converge into a model of principles applicable to both.
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