BRAZILIAN, JAPANESE, AND AMERICAN BUSINESS NEGOTIATIONS

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Abstract. The determinants of the outcomes of business negotiations in 3 cultures are investigated in a laboratory experiment. The outcomes of negotiations between Japanese businessmen result primarily from a situational constraint—the role of the negotiator (buyer or seller). Representational (problem-solving oriented) bargaining strategies, a measure of the process of the interaction, is the most important variable in American negotiations. In negotiations between Brazilian business people, deceptive bargaining strategies—also a process measure—is the key variable affecting outcomes.

INTRODUCTION

Negotiation is the most common means of managing the inevitable conflicts which arise between business organizations. Increasingly, commercial relationships span both political borders and cultural boundaries—yet we know little about negotiations in different cultures. The business literature in the United States has been almost devoid of articles specifically addressing cross-cultural negotiations. A few have appeared in business journals [Van Zandt 1970; Jastram 1974; Kapoor 1974; and Wells 1977], but they are primarily descriptive and often anecdotal in nature. No confirmation of findings has been reported and occasionally opposing prescriptions have been suggested. This study focuses on buyer-seller relationships and face-to-face bargaining in three countries—Japan, Brazil, and the United States. In the discussion to follow, the theoretical perspective of the research is briefly outlined first. Next, the hypotheses, associated rationale, and laboratory methodology of the research are described. Third, the findings of regression analyses are presented. Finally, the results are interpreted from a managerial perspective.

At present, our conceptualization of the determinants of the outcomes of business negotiations is rather limited. Most recently, the outcomes of negotiations have been hypothesized to be the result of several factors which can be classified into three categories or kinds of theoretical constructs—individual characteristics, situational constraints, and process measures. Many empirical measures of both individual characteristics and situational constraints have been tested in previous research. [See, for example, Bagozzi 1976; Tedeschi, Schlenker, and Bonoma 1973.] Examples of such individual characteristics might be intelligence, self-esteem, credibility, attractiveness and power. Examples of situational constraints might include company goals, time limitations, or cultural variation of the parties. Process measures have received relatively little attention. [See Pennington 1968; Pruitt and Lewis 1975; Lewis and Fry 1977.] Process measures are defined as qualitative and quantitative descriptions of the activities involved in a business negotiation—for example, bargaining strategies used. The relation of process measures to outcomes of negotiations is not at all clear. Because researchers have only recently turned their attention to process measures, concepts and operational definitions remain vague and relations are not adequately specified. The present study focuses on the development of operational defini-

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tions of process measures and the relation of these variables to outcomes of business negotiations in different cultures.

HYPOTHESES

In this section of the paper, variables in the study are defined, and associated hypotheses presented. In all cases, previous related research is cited briefly.

Negotiation Outcomes

In the present study, profit levels attained by individual participants in a negotiation experiment is defined as the dependent variable. Findings related to other dependent variables—that is, expressed satisfaction with the agreement, joint profits, and time of the negotiation—are reported in Graham [1980].

Process Measures

Process measures are operationally defined as 5 variables in the present study. The first 4 variables are participant, self-report ratings of one another’s bargaining strategies.

Representational/Instrumental Strategies. Communication theorists have identified two models of communication—the representational and the instrumental [Angelmar and Stern 1978]. Representational communications involve the transmission of information, whereas instrumental communications involve influencing another party. Although the distinction is a fuzzy one, it has proven useful in other studies. Furthermore, the dichotomy is the analogue of the individualistic versus problem-solving orientations investigated by Pruitt and Lewis [1975] and others. A pair of hypotheses can be derived regarding the relation of representational/instrumental strategies to the dependent variable. These are:

H1: (a) The representational rating of player strategies is inversely related to the outcome variable (profit levels). Or, players who give more information about themselves tend to achieve lower profit levels. (b) The representational rating of opponent strategies is positively related to the outcome variable. Players whose opponents give more information about themselves tend to achieve higher profit levels.

Attractiveness, Power, and Credibility. The second, third, and fourth process variables to be defined might also be conceived as the 3 classic source characteristics in communication models—attractiveness, power, and credibility. In the present study, however, rather than characteristics ascribed to sources of communication, these variables are considered descriptors of negotiation strategies, and thus process measures. Such a view recognizes that measurement of these variables is highly situation dependent and person dependent. All 3 variables are measured through ratings of both participants in the negotiation games. (See Table 1.) Thus, another series of hypotheses is derived:

H2: High attractiveness ratings are positively related to the outcome variable (profit levels). The more attractive the players’ negotiation strategies are, the higher profit levels will be.

H3: High power ratings are positively related to the outcome variable. The more powerful the players’ negotiation strategies are, the higher profit levels will be.

H4: High credibility ratings are positively related to the outcome variable. The more credible the players’ negotiation strategies are, the higher profit levels will be.

Impression Formation Accuracy. The fifth process measure, impression formation accuracy, has also been conceived as an individual characteristic or ability. Most recently, Weitz [1978] reported a strong relationship between salesperson performance and abilities to perceive both a client’s beliefs about products and importance weights for product attributes. In the present investigation, however,