Adopting a Dual Lens Approach for Examining the Dilemma of Differences in International Business Negotiations

CATHERINE H. TINSLEY*
School of Business, Georgetown University, Washington, DC 20057, USA

JENIFER J. CURHAN**
7013 Beechwood Drive, Chevy Chase, MD 20815, USA

RO SUNG KWAK***
School of Economics and International Trade, Dongguk University, 263 GA Pil-dong Jung-Ku, Seoul, South Korea

Abstract. International business negotiations are characterized by two levels of differences beyond those found in domestic business negotiations: individual level differences (in negotiator priorities, preferences, perspectives, and scripts) and societal level differences (in national endowments, preferences (tastes), legal, economic and political systems, and government involvement). These differences, which may be viewed by adopting a dual lens approach, include both micro/individual and macro/environment level differences. Moreover, these differences are both beneficial and costly to international negotiations, hence resulting in a dilemma of differences. This article examines both sides of the dilemma and concludes by offering negotiators advice on how to manage the differences inherent to international business exchange.

Keywords: international business negotiation, individual level differences, societal level differences

The internationalization of business is ever increasing (Bartlett and Goshal 1991). In 1996, international trade amounted to over 18.5 percent of U.S.

* Catherine Tinsley (Ph.D. Organization Behavior, Northwestern University) is an Assistant Professor of Management at the McDonough School of Business at Georgetown University. She teaches seminars in negotiation and international negotiation throughout the world, including in the U.S., Mexico, Germany, Slovenia, Japan, Korea, and Hong Kong. Her research interests include the influence of the international context on negotiation processes and outcomes, as well as the influence of culture on cognitive systems and behavioral norms, and the implications of these differences for international management.

** Jenifer Curhan (J.D., Harvard Law School; MPA, Kennedy School of Government at Harvard University) practices corporate law in Washington, D.C. She has taught negotiation at Georgetown University as well as at the Harvard Negotiation Project at Harvard Law School.

*** Ro Sung Kwak (Ph.D., University of Texas at Austin) is a Professor of international trade at Dongguk University in Seoul. He teaches courses and conducts research on international trade, economics, and global strategy.
GDP, the volume of U.S. exports and imports exceeded that of any other
country, foreign direct investment in the U.S. reached $630 billion, and for-
eign direct investment by U.S. multinationals reached $796.5 billion (Econo-
mist Intelligence Unit 1997). From 1990 to 1996, the stock of foreign direct
investment in the U.S. grew 132 percent, and the stock of U.S. foreign di-
rect investment grew 109 percent (Economist Intelligence Unit 1997). As
a firm’s important resources and critical markets are often located in other
countries, cross-national business relationships are becoming commonplace.
Whether developing a short-term supply contract or a longer term joint ven-
ture operation, managers increasingly rely on strong international negotiation
skills.

Our article begins by developing a framework for thinking about interna-
tional business negotiations and how these exchanges differ from domestic
negotiations. We use Weiss’ definition of international business negotiations
as “the deliberate interaction of two or more social units (at least one of them
a business entity), originating from different nations, that are attempting to
define or redefine the terms of their interdependence in a business manner”
(Weiss 1993: 270). Weiss’ definition essentially adapts that of Walton and
McKersie (1965: 3) to the international arena, highlighting the central feature
of an international negotiation (whether a short-term exchange or a long-term
contract) – that the negotiating entities be from different national contexts.
Like domestic negotiations, international negotiations are exchange processes
between two (or more) individuals or entities. Yet, beyond domestic nego-
tiations, these individuals/entities are each embedded in different national
contexts that intervene during the negotiation process. Therefore, our frame-
work encourages managers to think beyond domestic negotiation paradigms
and consider the implications of parties’ different national contexts.

We outline two ways in which the presence of multiple national contexts
influences the negotiation process, and hence negotiation outcomes. Specifi-
cally, multiple national contexts result in differences that manifest themselves
at the individual level (in the form of priorities, perspectives, and scripts) and
at the societal level (in the form of national endowments, preferences, legal,
economic and political systems, and government involvement). International
negotiators must understand both types of differences; hence we advocate
they view the situation with a dual lens – examining both micro/individual
level differences and macro/environmental level differences. Using the dual
lens perspective, we go on to examine the benefits and costs that these dif-
fferences present. Some differences give international negotiations potential
value beyond domestic negotiations, while other differences operate to pre-
vent international negotiators from achieving this value. We call this phe-
nomenon the dilemma of differences found in international negotiations. We
conclude by examining the implications of this dilemma and offering six pieces of advice for international business negotiators.

The Dual Lens Approach for Examining Differences in International Business Negotiations

In perhaps one of the most widely read texts on how to negotiate, Fisher and Ury (1981; Fisher et al. 1991) outline four steps to integrative bargaining (separate the people from the problem, focus on interests, invent options for mutual gain, and insist on objective criteria). Although this book (along with such texts as Raiffa 1982; Lax and Sebenius 1986; Pruitt 1983) has taught managers the importance of creating value (and not just claiming it), their advice may be limited in an international context, because they deliberately ignore contextual factors. Fisher et al. (1991) argue for understanding one’s opponent as an individual, and reject, as dangerous, aggregate level information. Although they advise negotiators to recognize relevant customs and beliefs, they assert that making assumptions about individuals based on their national group membership constitutes a fundamental error, since these assumptions may be faulty and insulting to the other side (Fisher et al. 1991).

On the contrary, we argue that in international negotiations the different national contexts of the negotiators must be taken into account to prevent misunderstanding and misattribution, and to enhance the potential for value creation. International negotiators are, themselves, individuals, but these individuals are also embedded in different national contexts with attendant values, beliefs, norms, resources, and legal, economic and political institutions. Because individual negotiators have been socialized within their respective national contexts, they are profoundly influenced by national factors on both the individual and societal levels. Thus in moving beyond Graham’s (1987) model, we recognize not only the individual level differences created by national context, but also those societal level differences (endowments, social systems, government involvement) that also effect the process. We suggest that negotiators recognize both these differences by adopting a dual lens approach for analyzing international business exchanges.

Individual Level Differences

National contexts promote sets of values, beliefs, and norms. Cross national differences have been empirically documented in studies that compare the values, beliefs, or norms of two or more national cultures. For example, American culture values self-mastery while Chinese culture values conformity (Schwartz 1994), American culture espouses individualistic beliefs,
whereas Japanese culture espouses collective beliefs (Markus and Kitayama 1990), and American culture prefers egalitarian norms, whereas Hong Kong Chinese culture prefers status deferential norms (Tinsley and Brett 1997). These values, beliefs, and norms are technically the property of the individual, residing in people’s cognitive structure. Yet many researchers argue that these values, beliefs, and norms are collectively constructed and held (Markus et al. 1996), and thus constitute the product of national culture. An individual learns his or her culture’s values, beliefs, and norms through modeling, socialization, and reinforcement (Boas 1940; Malinowski 1944). Although there will be within-cultural variance in acceptance of these values, beliefs, and norms, comparative research has shown greater systematic differences in values, beliefs, and norms across national cultures than within (cf. Triandis 1990; Schwartz 1994).

Therefore, parties should study international negotiations through the individual-level lens, meaning examining those national differences that are seen or manifest at the individual level. This individual-level lens is concerned with evaluating a person’s values, beliefs, and norms that result from being socialized in a particular national context, and looks at the impact of these values, beliefs, and norms on the negotiation process. Our individual level lens goes beyond evaluating the other party as a distinct personality (as Fisher and colleagues would urge), to evaluating the other party as a person embedded and socialized in another national context. In the dilemma of differences section that follows, we explain how differences in negotiators’ values, beliefs, and norms (that arise from being socialized in different national contexts) lead to both benefits and costs in international negotiations.

Societal Level Differences

National contexts also promote sets of social level institutions, such as legal, economic, and political systems. Nations may differ in their patent laws, trade policies, currency regulations, financial systems, or business-government relations. Economists tend to view these differences as a product of natural resources (Krugman 1986; North 1993), while sociologists tend to view these differences as a product of culture (Trompenaars 1994; Laurent 1983). Regardless of their origin, these societal-level systems also influence the negotiation process. Therefore, the second lens through which to view international negotiations is by focusing on societal-level differences. This lens is concerned with evaluating the endowments, preferences, legal, economic, and political systems and government involvement of an opponent’s national context, and the consequences of these differences on the negotiation process. Like individual-level differences, societal-level differences both help and hinder international business exchanges.
The Dilemma of Differences

The dilemma in international business negotiations is that while national differences can serve as the basis for creating value, they can also operate as obstacles to realizing joint gains. We call this the dilemma of differences. Citing differences in negotiator priorities and preferences, fact interpretation and endowments, economists and negotiation theorists often predict that international negotiations will result in high joint gains. Yet, sociologists, dispute resolution theorists, and social psychologists warn that, in spite of such benefits, country differences can hinder negotiations in several ways. Differences in negotiator perspectives may inhibit parties from correctly diagnosing each other’s priorities and preferences. Variation in script may lead to inability to communicate, frustration, confident misattribution, and narrow script overlap, factors that hinder information exchange. Moreover, legal, economic and political pluralism can cause parties to engage in distributive, rather than integrative, bargaining, while negotiating with governments and other bureaucracies often focuses the discussion on process, rather than on problem solving. In the following two sections we explore the dilemma of differences using the dual lens approach.

Individual Level Lens

Considering first the consequences of national context on the individual, differences in values and beliefs can benefit the negotiation process by causing differences in negotiator priorities and preferences. Classical economic and negotiation theorists argue that differences in negotiator priorities can be a source of joint gain (Pareto 1906; Wicksteed 1910; Edgeworth 1932; Walton and McKersie 1965; Pruitt 1983; Fisher et al. 1991). Differences in priorities and preferences arise because individuals have different subjective valuations of goods which result from the fact that they come from different environments and have unique psychological characteristics. Individuals may negotiate to exchange low priority goods for high priority goods, thereby making themselves (and thus society, as an aggregate of individuals, Smith 1789) better off (Walras 1874; Pareto 1906; Edgeworth 1932; Walton and McKersie 1965; Pruitt 1983; Fisher et al. 1991). For example, parties can trade off risk preferences (Lax and Sebenius 1986). If one party is risk averse and the other risk accepting, the risk averse party can pay a premium to the other party for assuming more of the risk in the deal. This creates value because both parties are more satisfied than they would have been if the risk was split 50–50.

Additionally, differences in values and beliefs can cause individuals to have different interpretations of the same objective facts. People’s cognitive processing (or their subjective assessment of facts) is influenced by a va-
riety of emotional states (Markus and Zajonc 1985). Divergent values and beliefs will trigger different emotional states, leading to variation in parties’ subjective assessment of negotiation “facts.” Different interpretations can be used to create value when negotiators incorporate these differences into the agreement with, for example, a contingency clause (Lax and Sebenius 1986). For instance, a buyer and seller may differ in their future projections of a currency’s exchange rate. This can serve as a basis for joint gain if the parties agree that the prices of a product will be contingent upon the currency’s actual rate at the time of sale. If parties are confident in their differing interpretations and projections, they may both be more satisfied with a contingent arrangement than with a situation that might have ended in impasse.

On the other hand, different values and beliefs can also constrain the negotiation when parties have different perspectives regarding the central issue or problems in a given negotiation (Fisher et al. 1997). For example, in the early 1990’s a negotiation between The Fine Arts Museums of San Francisco (FAMSF) and Mexico’s Instituto Nacional de Antropologia e Historia (INAH) occurred. In this negotiation, FAMSF was bequeathed mural fragments from the Pre-Columbian culture of Teotihuacan, and contacted INAH regarding ownership, preservation, and exhibition of the murals (Brodt and McCammon 1995). FAMSF believed that the central issue in the negotiation was preservation of the murals, while INAH felt that Mexican pride was principally at stake (Brodt and McCammon 1995). If the parties to the negotiation had failed to recognize these differences in perspectives, an amicable agreement would have been virtually impossible, as FAMSF would have failed to perceive and meet INAH’s primary interest in recognition as an equal partner. Impasse would have resulted in mutual loss to both parties, and thus to society.

Different perspectives arise because negotiators from different countries embrace different values, beliefs, and historical memories, which shape their views of the current negotiation (White 1983; Fisher et al. 1997). Such differences in perspectives can cause country representatives to interpret the same facts as evidence of very different phenomena (White 1983). If a party to an international negotiation fails to understand the other party’s perspective, it becomes difficult to predict that party’s priorities and preferences (Fisher et al. 1997). Without this knowledge, it is more difficult to create a solution that the other party finds acceptable. Moreover, if parties do not share an understanding of the central issues at stake, time might be spent arguing over or clarifying what issues are on the table, rather than on resolving these issues.

Another individual level difficulty is that which arises from different behavioral norms which create differences in negotiation scripts (Tinsley and Brett 1997; Brett et al. 1998). A negotiation script is an intuitive theory about
the procedure of the negotiation (Schank and Abelson 1977), that embodies assumptions about what behavior is fair, as well as what behavior to expect from the other party (Pruitt and Carnevale 1993). Research shows systematic national differences in the negotiation strategies that people find desirable or acceptable, suggesting these negotiators proceed with different negotiation scripts (Fisher 1980; Roth et al. 1991; Adler et al. 1992; Graham 1993; Brodt and Seybolt 1997; Brett and Okumura, 1998). For example, Tinsley (1998) observed that Japanese, Germans, and Americans all recognize the same set of negotiation behaviors valid; however, Japanese prefer to negotiate based on appeals to social status, more than Germans or Americans. Germans prefer to negotiate based on the interpretation of regulations more than Japanese or Americans, and Americans prefer to discuss interests, more than Japanese or Germans. These differences in preferred behavior suggest Japanese, Germans, and Americans negotiate using different scripts.

Differences in scripts imply asynchronous and incompatible behavior in international negotiations, which may make parties uneasy. Americans, for example, tend to move from discussing details to general principles or conclusions (Glenn et al. 1977), while Chinese prefer to attend to the larger picture first, and then work out smaller issues (Ding 1996). If negotiation is a verbal dance (Gulliver 1979), imagine the frustrations when one partner is doing a waltz and the other partner a tango. Joint gains can be impeded because parties are not able to get in step. Parties may not be able to communicate priorities and preferences in a way that the other party can comprehend. Additionally, parties’ increasing communication frustrations may decrease their motivation to coordinate with the other party. When communication is thus impeded, parties’ opportunities to find potential joint gains decrease (Putnam and Jones 1982; Tutzauer and Roloff 1988; Fisher et al. 1991; Pruitt and Carnevale 1993).

Differences in scripts may stem from differences in the meanings attached to specific behaviors. For example, in the hierarchical Japan (Nakane 1970), the party with lesser status may avert his or her eyes during the negotiation (Graham 1993; Morrison et al. 1994) to convey respect for the other party’s superior status. However, in the relatively egalitarian U.S. (Hofstede 1980; Schwartz 1994), eye averting tends to connote caginess or deception. Hence, the meaning of the script element (the behavior) changes as it crosses the national borders. One party’s attempts to be deferential may be interpreted in a sinister fashion by the other party, which can decrease trust and impede joint gain. When one party recognizes the script element of the other party, but misunderstands its meaning, we call this confident misattribution, which is different from the problem of lack of communication. Here information
has been communicated, but the receiver has misconstrued the meaning of the behavior, leading to the wrong message being interpreted.

Because different nations may not attach the same meaning to a particular behavior, certain behaviors may be acceptable in some countries but not in others. Divergence in acceptable behaviors indicates that the range of expected behaviors will differ across countries, implying that scripts should be understood by focusing on the range of behaviors evident for any given country, as well as the central tendencies of that country. If scripts delineate what is and is not appropriate for a given negotiation (Pruitt and Carnevale 1993), they define the parameters of possible behavior that a party has learned that he or she can engage in without being sanctioned. To the extent that these ranges only narrowly overlap across countries, we would expect that parties would risk confusing each other during international negotiations.

To summarize, there are four problems associated with differences in scripts. First, asynchronous, incompatible script behaviors can block information exchange, which can impede joint gain (Pruitt and Lewis 1975; Tutzauer and Roloff 1988). Second, incompatible scripts frustrate parties. This negative affect can decrease parties’ motivation to cooperate with the other side (Carnevale and Isen 1986). Third, confident misattribution can lead parties to misinterpret the meaning of the information that is being communicated. Misinterpretation might increase confusion and mistrust, which, in turn, decreases joint gain (Kimmel et al. 1980). Fourth, narrow overlap in script range can also increase confusion and mistrust, hence inhibiting value creation.

Although all of the above individual level differences can occur between negotiators from the same national context (due to personal disposition), these individual level differences are likely to be greater across countries than within. Thus, the costs and benefits associated with these differences are heightened in an international context as compared with a domestic context. The greater the differences in the national contexts, the more impact these differences will have on the negotiation. Therefore, ignoring aggregate level information concerning a country’s values, beliefs, and norms and the implications of this aggregate information on a member’s priorities, preferences, perspectives, and scripts reduces negotiators’ insights into the negotiation process. Dismissing aggregate level information reduces the foundation from which a negotiator can build his or her knowledge about the other party. Aggregate level information provides intelligence as to why certain behaviors might be undertaken, and a sensitive, sophisticated foundation from which to ask or look for clarification.
Societal Level Lens

As classical economic theory argues, nations gain from international trade because countries have different national preferences and endowments (Edgeworth 1932; Ricardo 1819; Heckscher and Ohlin 1991). Countries, just as individuals, may have different preference structures and factor endowments that lead to different comparative advantages in production capabilities (Pareto 1906; Ricardo 1819; Heckscher and Ohlin 1991). For instance, different countries may be endowed with climates fit for growing different types of crops, different labor costs, different fashions, as well as different legal, social, political and financial institutions. If countries can negotiate to trade off differences in preferences and endowments then both countries can enjoy higher economic returns.

Using the Edgeworth box model (Edgeworth 1932), it is possible to illustrate the potential gains that would be expected to be realized in international trade negotiations. Assuming a two commodity/two country economy, Figure 1 depicts Country A’s and Country B’s indifference curves (resulting from preferences, Edgeworth 1932) and production possibility frontiers (resulting from abilities or endowments, Walras 1874; Hicks 1948). The region between Country A’s and Country B’s indifference curves, or the region of mutual advantage, represents the area where both countries would be better off, and thus depicts the potential gains to both countries (and society) (Pareto 1906; Edgeworth 1932). According to theory, parties will negotiate within the region of mutual advantage until their indifference curves are tangent to one another; at this point, neither country can be made better off, without making the other party worse off, through further trade (Pareto 1906; Edgeworth 1932). Moreover, the greater the differences in preferences and endowments between Country A and Country B, the larger the region of mutual advantage will be, resulting in larger potential individual and social welfare gains from trade negotiations. Assuming differences in preferences and endowments across countries are greater than within the same country, it would appear that the potential for joint gains would be enhanced in international negotiations versus domestic negotiations.

On the other hand, differences in nations’ legal, economic, and political systems can impede joint gains by focusing parties on positional arguments as to which system is correct. Legal pluralism, for example, which exists when countries have different laws, implies that parties come to the negotiation with different sets of normative beliefs about what is legal and illegal, right and wrong. Focusing on what is “right” in a negotiation is a less optimal method for negotiating than focusing on integrating parties’ preferences and abilities (Ury et al. 1993). Concentrating on rights or objective principles can lead to positional bargaining, in which parties’ true needs are not ad-
dressed. If negotiators’ assumptions about what constitutes a correct legal (or economic or political) system differ from each other, and this difference surfaces during the negotiation, parties may believe that their system and its underlying assumptions are being challenged by the other party. In response, parties may become defensive, leading them to make positional arguments about whose legal (or economic or political) system is right. These arguments can erode good will, as well as distract parties from exchanging information about subjective priorities and preferences.

The problem of arguing over rights is related to Pruitt and Carnevale’s (1993) critique of Fisher and colleagues’ “principled negotiation” that encourages negotiators to agree upon objective principles that can serve as a basis for reaching a fair resolution (Fisher et al. 1991). Pruitt and Carnevale (1993) note that principled negotiation is only useful if the receiving party accepts the principle proposed, which tends to happen when the proposed principle serves the receiving party’s needs. Similarly, in international negotiations, legal, economic, or political pluralism may distract from value creation unless one party’s system is accepted by the other party. Although parties from the same country may be able to accept each other’s principles, it may be more difficult for negotiators to accept principles that emanate from foreign legal, economic, or political systems. A negotiator who has been socialized in a culture may hold specific assumptions about how the world should work (Malinowski 1944), and thus find it difficult to accept differing assumptions because of his or her emotional and moral attachment to the assumptions embodied in his or her national systems. Indeed, these assumptions are oftentimes sacred, such as equality of opportunity or the pro-
tection of individual freedoms. If one has been taught to promote and protect these assumptions, it may be difficult not to become anchored in them. Thus, legal, economic, and political pluralisms are likely to focus parties towards positional arguments concerning whose system is right, distracting from the task of value creation.

Negotiating with governments and bureaucracies can be another source of loss in international negotiations. In most nations, governments are active participants in business negotiations (Salacuse 1988), making politics central to international business (Kobrin 1992). Governments may operate, regulate, or own businesses in their countries. Given the close relationship between politics and international business, governments appear to be more concerned with following accepted procedures, than with bottom line outcomes (Salacuse 1988), which may distract from value creation. One reason governments may focus on process is because governmental negotiations often involve multiple parties, with multiple constituencies, preferences and priorities. To map the optimal outcome is a complex cognitive task that may be beyond the scope of parties’ capabilities. Therefore, parties in these complex negotiations may focus on process, striving for correct and fair procedures. After negotiations, governments may rely less on the optimality of outcomes to entice parties to implement the agreements, and more on arguments of procedural fairness. Another reason for government negotiators’ focus on process is that government workers are often rewarded for following established policies and procedures (Weber 1946; Fisher et al. 1997), rather than for the value of their deals. In addition, governmental workers, socialized in bureaucratic systems, tend to have process expertise, rather than expertise specific to the industry issues being negotiated, a factor which may perpetuate a focus on procedure. As with problems related to systems pluralism, focusing on established bureaucratic process inhibits value creation. Adherence to established process can operate as a psychological box that prevents negotiators from brainstorming innovative outcomes. To heighten joint gain, negotiators often have to innovate new types of relationships and systems. Negotiators should not become paralyzed by past procedures, but rather need to create new structures and solutions (Follett 1941). When process is constrained to fall within certain parameters, outcomes will also be constrained within an established framework. Additionally, if negotiator time and energy is limited, the more negotiators struggle to agree on an acceptable process, the less time and energy remains for crafting innovative solutions.
Implications of the Dilemma of Differences for International Business Negotiators

Do the costs of the dilemma of differences inherent in international business negotiations outweigh the benefits? Certainly the costs are significant. Anecdotal evidence suggests that international negotiations are difficult and protracted (Tully 1996), often ending in impasse (Gladwin and Walter 1980; Herbig and Kramer 1992; Reardon and Spekman 1994; Fisher et al. 1997), or in what managers consider to be sub-optimal outcomes (Gladwin and Walter 1980; Brake et al. 1995; Kublin 1995). As Salacuse notes, “[e]xperience clearly shows that negotiating an international business transaction is a difficult, painstaking process that can fail even in the presence of the most favorable policies and institutions” (1988: 5). Moreover, laboratory results demonstrate that same-country dyads achieve more joint gains in business negotiations, than do inter-country dyads (Graham 1985; Adler and Graham 1989; Brett and Okumura, 1998).

Yet, understanding this dilemma is the first step to overcoming the obstacles it presents. Our dual lens model for examining the dilemma of differences highlights some areas where international negotiations are likely to encounter difficulties and thus offers preliminary advice for international negotiators.

1. Acknowledge differences at the individual and societal levels. Some maintain the contrary argument may be made, since perceived dissimilarity can hinder the negotiation process by lowering levels of trust (Kramer and Brewer 1984; Zucker 1986), information sharing (Kimmel et al. 1980), and problem solving (Pruitt and Carnevale 1993). The negative effects of negotiator dissimilarity coupled with self-fulfilling prophesy research (that advises differences are created by sensitive negotiators who, expecting to encounter cross-national differences, behave in such ways as to actually create these differences, cf. Justin, 1988 for a review), suggest negotiators might be primed to ignore their differences. Minimizing differences might enhance negotiator similarity and hence attraction and cooperation (Adler and Graham 1989).

The problem with this argument is that although individual level behavioral differences (such as differences in negotiation scripts) might be influenced by pre-conceived notions parties bring with them to the negotiation, it would appear difficult for parties to induce the societal level differences (such as systems pluralism) that also influence the negotiation process. For example, simply assuming that there are no differences in the Japanese and U.S. patent systems does not make these differences disappear. Moreover, although minimizing parties’ differences may increase interpersonal attraction, it may also create additional problems as when parties assume that a particular script behavior has the same meaning in their opponents’ national context, creating confident misattribution and increasing confusion. In addition, the
value of minimizing differences should be questioned as these differences can also be sources of joint gain. Therefore, we advocate acknowledging and addressing rather than minimizing parties' individual and societal level differences.

2. Trade-off differences in preferences and abilities. Since differences in priorities, and endowments can be the largest source of joint gain in international negotiations, parties should discover their opponent's priorities, preferences and endowments, and determine how they are different from their own. Analysis of national values and beliefs will serve as a foundation for better understanding the opponent's priorities and preferences. Analysis of areas such as national resources, labor policies, wage rates, and spending habits will offer indications of that nation's abilities and endowments, and thus the priorities and preferences of companies and negotiators who are members of that nation. National labor policies, for example, may effect a German firm's options when forming an international joint venture with an incoming American company.

3. Ask questions to ensure understanding of the other party's perspective. Ignoring differences in parties' perspectives risks that one party will misunderstand the other's priorities, making it difficult to trade off priorities and enhance joint gain. Moreover, failure to understand the other party's perspective could result in impasse if his or her key concerns are not addressed. Negotiators should discover and verify the other party's perspective by thinking outside the assumptions of their own perspective, asking triangulating questions to determine the other party's views, and actively listening to the answers, being sure to check that their understanding is correct.

4. Understand the other norms and the meaning underlying them. Knowledge of the opponent's norms will offer insight as to what behaviors will and will not be acceptable. For example, in hierarchical contexts, it may be acceptable to share information about priorities and preferences, but only when the two parties have equal status. A lower status party asking a higher status party for such information may be ill-mannered. Similarly, in collective countries, it may be acceptable to propose solutions that integrate interests, however the negotiator may need to be aware of a larger set of stakeholders and interests than those physically represented at the negotiation table. A U.S. firm negotiating in a collective country may have to incorporate not only the counterpart firm's needs, but also government and industry-wide needs. Without knowledge of the opponent's national context, a negotiator may waste time, energy, and good will with unacceptable proposals.

Analysis of negotiation behavior has received much attention by practitioners and researchers. Unfortunately, “how to” guides that simply instruct negotiators to follow protocol without understanding why it is used or what it
means are not very helpful. The meaning underlying the opponents behavior is critical for minimizing misattribution and other errors of inference. For example, understanding the principles underlying a script element (such as an appeal for sympathy) provides the negotiator with insight into the opponent’s intentions (save face versus distributive tactic) and priorities – knowledge that is critical for creating joint gain. Negotiators should educate themselves as to the opponent’s scripts, and should be prepared if they need to question the other party as to what he or she intends by a behavior.

5. Avoid arguing the inherent legitimacy of a social system. Just as there is no one right script by which to negotiate, there are no inherently correct societal systems. Negotiators should avoid becoming deadlocked in arguments of this nature. Instead, negotiators should rely on arguments about how their country’s system meets the other party’s needs, or find ways to maneuver within the other party’s system that do not violate the negotiator’s own systems and values. If possible, negotiators should trade-off using the other party’s system for other assurances that are of higher priority to them, thereby creating value in the regulation.

6. Be prepared to manage bureaucratic interactions with governments. Bureaucratic procedures can sometimes be avoided when both parties recognize they are better off pursuing a different type of exchange. Negotiators should determine how receptive the other party may be to avoiding bureaucratic processes, and how they might (legally!) make alternative processes more appealing. If the other party cannot give up established process, negotiators should think about possible trade-offs they would be willing to make in order to go through bureaucratic processes, determining what assurances they can gain from this concession that are of high priority to them. Moreover, negotiators should remember that by following local protocol, they may achieve better results by allowing the other party to worry less about process and focus more on substantive issues.

Conclusion

International business negotiations differ from domestic ones in that the negotiating parties are each embedded in a different national context. This international quality imbues the exchange with a greater amount of differences, which manifests at both individual and societal levels, than in domestic negotiations. These differences bring both benefits and costs to the negotiation process, and thus to negotiation outcomes. This dilemma of differences is best managed by acknowledging and addressing both individual level differences and societal level differences, thereby adopting a dual lens approach.
ADOPTING A DUAL LENS APPROACH

Although our dual lens approach for viewing the dilemma of differences is unique, it is related to other writing on international negotiations. Like Tung (1988) and Weiss (1993) we explore both individual and societal level differences. Our model adds to Tung’s by offering a mechanism by which the environment effects what she calls the “negotiation context.” We assert that the environment (national context) creates national preferences, endowments, and legal, economic and political systems, which in turn effect the negotiation process. We complement Weiss by offering a model that is perhaps more manageable on a practical basis that the RBC model. We argue that both individual and societal differences influence the international negotiation process, in both positive and negative ways. By utilizing the dual lens approach to analyze international exchange, we ask negotiators to recognize the importance of both macro and micro level factors, and provide advice for how to best capitalize on the benefits and minimize the costs associated with them so as to improve negotiation outcomes. The latter contribution also serves to fill what has been characterized as a gap in negotiation literature – preparation advice for international negotiators (Weiss 1996).

As Salacuse (1988) reminds us, international negotiations can be significantly more complex than domestic ones. Firms that treat international negotiations as simple extensions of doing business domestically will suffer. However, the complexity of international dealings is not always detrimental to the negotiation process. Indeed, the complexity creates some differences that are beneficial. The strategy is to capitalize on the beneficial differences (in priorities, fact interpretations, and endowments), while managing the costly differences. Managing costs can be done by trying to understand the other party’s perspective, scripts, and systems, or attempting to trade off use of a particular system for assurances that a negotiator’s other high priority issues will be satisfied.

References


ADOPTING A DUAL LENS APPROACH


