

CROSS CULTURAL NEGOTIATIONS

The Situation

Your company manufactures refrigeration equipment. You have come to the Republic of Godali, along with two of your colleagues, to negotiate a large sale of equipment to the State Farm Product Board.

In preparation for this trip, you and your colleagues have been studying the Republic of Godali and have learned the following:

- After a long history of political instability, the Republic has had a 5-year period of political calm with a parliamentary form of government headed by an elected Prime Minister.
- The country is becoming increasingly urbanized and industrialized. The GNP is rising at a rate of approximately 2% a year. Industry, which had historically been state run, is becoming privatized.
- The Republic can be characterized as a relatively high context culture. [You come from a relatively low context culture.]
- The Godalise legal system is notoriously slow, but the contract between your company and the Republic will be guaranteed under Godalise law.
- The media system in the Republic (i.e., newspaper, radio and TV) is state owned. There has been some coverage of the impending deal with your company.

In addition,

- You believe the Godalise are also being courted by a Chinese competitor of your company.
- You have not previously done business in Godali.

Upon your arrival at the Godali airport, you are greeted by the Assistant Minister of Food and two of his assistants. The Assistant Minister asks about the flight and expresses his concern that the three of you have not been too fatigued by your travels. You are told not to worry about your luggage--it will be taken directly off the plane and put into a car that is waiting for you.

On the ride from the airport to your hotel, the Assistant Minister continues to make pleasant conversation, telling you that he has spent some time in your country, inquiring about your families, showing you the sights that pass by. Upon arriving at the hotel, you are shown to modest (by your standards) but comfortable rooms. The Assistant Minister

tells you that they assume the three of you will want to rest for the remainder of the afternoon, and that there will be an "official dinner" that evening, which will be attended by the Minister for Food.

The dinner is very lavish and is attended by a number of the staff of the Food Ministry, as well as several other notable Godalise businessmen and government official. As chief negotiator, you are seated at the Minister's table and spend the evening conversing with him about everything but business and the impending deal.

When you wake the next morning, you find that breakfast has been placed outside the door to your hotel room along with *The Godalise Times Courier*, the state-owned newspaper. You are surprised--and a bit dismayed--to see that a statement you made to the Minister at the banquet the night before appears in the paper. Although the remark was not of a sensitive nature, you assumed you were speaking "off the record."

As had been planned, the three of you meet in the lobby of the hotel at 10:00 a.m. A chauffeur-driven car is again waiting to take you to the Minister's office. When you arrive, you are ushered into a conference room where you are joined by the Minister, the Assistant Minister and three of their staff members. The Minister opens the meeting by saying, "We look for a mutually rewarding relationship, not only now but in the future."

The Task

Discuss the following four scenarios (take 10 minutes for each scenario) and frame a response. **You must reach consensus within the group on the responses to each scenario.** Dividing the scenarios among yourselves, decide which team member will be responsible for reporting your decision back to the class.

1. After much discussion on delivery dates and freight insurance, the Minister suddenly announces, "We are prepared to meet your terms on delivery dates." Do you:
 - (a) Accept the concession and demand that your terms for insurance also be accepted.
 - (b) Accept the concession and offer a concession on insurance.
 - (c) Respond in another way.

2. After much debate on the price, a junior member of the Godalise teams says, "You do not appreciate our problems. It seems we overrated your understanding of the Godalise situation." Do you:
 - (a) Try to change the topic.
 - (b) Demand an apology.
 - (c) Walk out.
 - (d) Respond in another way.

3. But before you have a chance to respond to the situation described above,

the Minister himself apologizes for the outburst and orders the junior to leave the room. The Minister becomes very emotional (at least from your perspective). He reminds you of the value of friendship several times. Before you can say anything, he begins to talk about quality control. Do you:

- (a) Make a comment about quality control.
 - (b) Make a comment about friendship.
 - (c) Suggest an adjournment.
 - (d) Respond in another way.
4. Before signing the contract, the Godalise minister says, "We are signing the contract, but we are going to have problems meeting your demand that payment should be made in Japanese yen." Do you:
- (a) Express sympathy only.
 - (b) Suggest an alternative means of payment.
 - (c) Tell him the agreement cannot be signed.
 - (d) Respond in another way.

As you discuss these issues, pay attention to the process of decision making within your group. Are responses to the situation different between group members from different cultures? Are the means by which responses are negotiated and consensus reached different between group members from different cultures? Be prepared to discuss the process by which you reached consensus in your group, as well as the decision reached.

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