What to wear when negotiating deals: suits or shorts?

(Negotiation styles in different countries)

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Imagine yourself in the plush Shangrila Hotel waiting for the Senior Merchandiser of Neiman Marcus, a large retailing store in the US. Dressed in black business suit, you compute your FOB Manila prices because this important importer wants to order in big volumes at the most competitive prices. As Export Manager of a large Philippine furniture company, you are working on this exceptional Sunday morning because this is the only available time that the importer can see you. Out of the corner of your eye, you see him arriving at the exact time dressed in Calvin Klein shorts and Reebok tennis shoes. Feeling uncomfortable and overdressed, you chide yourself for being in a suit. Silently, you ask yourself “Should I be in shorts instead?”

Wearing a business suit or shorts is an important aspect of any negotiation process. If you were the Filipino negotiator in the imagined business scene, how will you react?

Varying negotiating styles

Studies show that negotiating styles, including what to wear, may vary from one country to another. Research studies on Filipino exporters’ negotiation styles, which were conducted in 1995 and 2000, show that Filipino exporters are fairly informal in their negotiation approach. Thus, they can easily be in suits or shorts in any negotiation scene. On the other hand, Americans are informal. Dressed in very informal clothes such as shorts, they exude a relaxed and carefree attitude. On the other extreme are the Japanese who are very formal in their approach. The Europeans (Germans, English, French and Dutch) and Filipinos are fairly formal while the Japanese are very formal. Denmark, Norway and Iceland are informal (Gesteland, 1999).

Geert Hofstede, who researched on 116,000 people in 50 countries, explains that one’s formality can be part of uncertainty avoidance (Deresky, 2000). He points out that uncertainty avoidance refers to the extent to which people in society feel threatened by ambiguous situations. People in countries that have a high level of uncertainty avoidance are very formal while those in countries that have a low level of uncertainty avoidance are less formal and structured (Deresky, 2000). In countries where there is a low level of uncertainty avoidance, managers take risks and there is high mobility. It is in these countries where decisions can be made easily.
<table>
<thead>
<tr>
<th>Country</th>
<th>Individualism/Collectivism</th>
<th>Power Distance</th>
<th>Uncertainty Avoidance</th>
<th>Masculinity/Femininity</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>High Individualism (High individualism is shown in personal leadership, informal approach, straight to the point introduction and authority to decide immediately.)</td>
<td>Low (This is shown when subordinates are given total authority to decide in deals.)</td>
<td>Medium (Medium uncertainty avoidance is shown in informal approach and straight to the point introduction.)</td>
<td>Masculine (Masculinity is shown in aggressive tactics and in materialism.)</td>
</tr>
<tr>
<td>Japan</td>
<td>Collectivism (Collectivism is shown in consensus tactics, consensus leadership and consensus decision-making.)</td>
<td>High and Low (High power distance is shown when a negotiator has no authority to decide since he has to consult the boss at the office but low power distance is shown when decision-making is shared by all; boss and subordinates.)</td>
<td>High (High uncertainty avoidance is shown in long preliminaries in negotiation and in formal negotiation approach.)</td>
<td>Feminine (Femininity is shown when Japanese negotiators take time to develop relationships and show patience in negotiation.)</td>
</tr>
<tr>
<td>Europe</td>
<td>Individualism and Collectivism (Anglo, Germanic, Nordic and Latin Europe are individualists while near Eastern Balkan countries are collective.)</td>
<td>High and Low (Eastern Balkanic and Latin Europe have high power distance while Anglo, Germanic, Nordic and East Slavic Europe have low power distance.)</td>
<td>High and Medium (Germanic, Latin and Eastern Balkanic European countries have high uncertainty avoidance while Nordic and East Slavic European countries have medium uncertainty avoidance.)</td>
<td>Masculine and Feminine (Anglo, Germanic, Eastern Balkanic, Latin and East Slavic European countries are masculine while Nordic Europe is feminine.)</td>
</tr>
<tr>
<td>Philippines</td>
<td>Individualism/Collectivism (Individualism is shown when a Filipino negotiator has authority to decide and when he exercises personal leadership. Collectivism is shown when his attitude becomes fairly formal.)</td>
<td>High and Low (High power distance is shown by the use of titles in introduction but low power distance is shown when a subordinate can decide alone.)</td>
<td>Medium</td>
<td>Feminine (This is shown in his patient attitude.)</td>
</tr>
</tbody>
</table>

In terms of decision-making, Americans tend to have total authority and can make on-the-spot decisions. Filipinos are said to have moderate authority like Europeans (Germans, English, French and the Dutch). The Japanese, who believe in collective decision-making, do not have authority to decide alone (PTTC Handbook).

The differences on how fast one can decide can be traced to cultural differences. Hofstede attributes this cultural difference to a dimension known as power distance. Countries, which have high power distance, can have a high hierarchical boss-subordinate, autocratic and centralized management styles (Derksy, 2000). Japanese culture, for example, exercises a high power distance and, thus, decision-making takes a longer time. The Japanese believe that natural hierarchy (or high power distance) is recognized that “everything is in its place” unlike in the US where subordinate and superior have equality in rights and opportunity in the workplace (De Mooj, 1997).

Getting straight to the point, being strict with their time and use of direct language characterize American business negotiations (Cateora, 1999). Unlike the Americans who are very impatient, the Japanese negotiators devote more time to nurture a relationship. Americans tend to make concessions during the course of the negotiation process while the Japanese prefer to defer this toward the end of the bargaining (Kotabe and Helsen, 1998). Japanese and Filipino negotiators are patient while the Germans, French, English and Dutch are impatient.

Patience in negotiation and efforts to nurture relationships are characteristics of Hofstede’s masculinity value dimension (Derksy, 2000). Traditionally masculine societies exhibit values such as impatience, assertiveness and a lack of concern for others while less masculine societies portray feminine values such as concern for others, time for relationships and patience. Thus, Japanese and Philippine societies are less masculine while US and German societies are masculine.

Hofstede defines masculine societies as highly individualistic (Derksy, 2000). He explains that individualism, which is another value dimension framework aside from power distance, uncertainty avoidance and masculinity, refers to the inclination of people to look after themselves and their immediate family only and neglect the needs of society. Countries, which are highly individualistic, have informal social frameworks, loss dependence in belonging to an organization and strong belief in individual decisions (Derksy, 2000). On the other hand, countries which are less individualistic (or collective) have tight social frameworks, strong belief in group decisions and high dependence in belonging to an organization.

Table 2 shows the comparison of Filipino, US, European (German, French, English and Dutch) and the Japanese negotiation styles.

Is there one best way of negotiating?

If one looks at effective market penetration, it has been said that the Japanese are the world’s number one international marketers (Cateora, 1999). Does this mean that the Japanese negotiation style is the best? Or is it the Filipino negotiation style, which tends to be American, sometimes European and sometimes Asian like the Japanese? Or is it the American negotiation style as they are the world’s number one superpower? Perhaps, there is no best way of negotiating.

What to wear in negotiating deals: shorts or suits? There is no right answer to this question. What is more important is to recognize and respect each others’ cultural differences.

Bibliography

Philippine Trade Training Center’s Export Merchandising Training Course Manual
Table 2. Comparison of US, European (German, French, English and Dutch) and the Japanese Negotiation Styles

<table>
<thead>
<tr>
<th></th>
<th>American</th>
<th>European (German, French, English and Dutch)</th>
<th>Japanese</th>
<th>Filipino</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Attitude</strong></td>
<td>Very impatient</td>
<td>Impatient</td>
<td>Patient</td>
<td>Patient</td>
</tr>
<tr>
<td><strong>Approach</strong></td>
<td>Informal</td>
<td>Fairly Formal</td>
<td>Formal</td>
<td>Fairly Formal</td>
</tr>
<tr>
<td><strong>Introduction</strong></td>
<td>Straight to the Point</td>
<td>Few Preliminaries</td>
<td>Long Preliminaries</td>
<td>Straight to the Point</td>
</tr>
<tr>
<td><strong>Offers</strong></td>
<td>Fair Offers</td>
<td>Fair Offers</td>
<td>Sky-High Offers</td>
<td>Reasonable Offers</td>
</tr>
<tr>
<td><strong>Concessions</strong></td>
<td>Little Concessions</td>
<td>Modest Concessions</td>
<td>Large Concessions</td>
<td>Moderate Concessions</td>
</tr>
<tr>
<td><strong>Negotiation Strategy</strong></td>
<td>Item By Item Negotiation</td>
<td>Item By Item Negotiation</td>
<td>Package Negotiation</td>
<td>Item By Item Negotiation</td>
</tr>
<tr>
<td><strong>Authority to Make Decisions</strong></td>
<td>Total Authority</td>
<td>Moderate Authority</td>
<td>No Authority</td>
<td>Moderate Authority</td>
</tr>
<tr>
<td><strong>Tactics</strong></td>
<td>Aggressive Tactics</td>
<td>Persuasive Tactics</td>
<td>Consensus Tactics</td>
<td>Persuasive Tactics</td>
</tr>
<tr>
<td><strong>Commitments</strong></td>
<td>Makes Threats</td>
<td>Makes Promises</td>
<td>Makes Commitments</td>
<td>Makes Commitments</td>
</tr>
<tr>
<td><strong>Deals</strong></td>
<td>Best Deals</td>
<td>Good Deals</td>
<td>Long Term Deals</td>
<td>Long Term Deals</td>
</tr>
<tr>
<td><strong>Focus</strong></td>
<td>Winning</td>
<td>Not Losing</td>
<td>Succeeding</td>
<td>Succeeding</td>
</tr>
<tr>
<td><strong>Leadership</strong></td>
<td>Personal Leadership</td>
<td>Personal Leadership</td>
<td>Consensus Leadership</td>
<td>Personal Leadership</td>
</tr>
<tr>
<td><strong>Status</strong></td>
<td>Status is by Material Success</td>
<td>Status is by Background</td>
<td>Status is by Position</td>
<td>Status is by Background</td>
</tr>
<tr>
<td><strong>Priority</strong></td>
<td>Deal before Relationship</td>
<td>Deal Before Relationship</td>
<td>Relationship Before the Deal</td>
<td>Deal Before Relationship</td>
</tr>
<tr>
<td><strong>Time</strong></td>
<td>Strict</td>
<td>Strict</td>
<td>Strict</td>
<td>Flexible</td>
</tr>
<tr>
<td><strong>Communication Style</strong></td>
<td>Expressive</td>
<td>Reserved</td>
<td>Reserved</td>
<td>Expressive</td>
</tr>
<tr>
<td><strong>Language</strong></td>
<td>Direct</td>
<td>Direct</td>
<td><strong>Indirect</strong></td>
<td>Direct</td>
</tr>
</tbody>
</table>

Sources: ITC/PTTC Handbook; Deresky, 2000; and Suplico, 2000.
Organizational Commitment

By Dr. Divina Edralin
Full Professor
Business Management Department

"I have just been condemned to death by the People's Tribunal. Don't cry, dear brother. When you hear my name mentioned, don't give way to sadness, but raise your eyes to heaven and be assured that I shall not forget you there. I am going to shed my blood for God, for my country, my Institute." (Bro. Jaime Hilario, FSC; C. F. Salm, FSC, 1990)

People are the most important input of an organization. They make up the internal social system of the organization. They consist of individuals and groups. People work in the organization to achieve their objectives and to contribute to the attainment of organizational effectiveness. Organizational effectiveness, as shown in high productivity and work quality and in terms of both goal attainment and quality of work life, is highly dependent on the competence and commitment of the people it is able to recruit and retain as part of its workforce. The primary task of management is ensuring that the competence of their people is continually enhanced while their level of commitment is reinforced all throughout the years of their service to the organization.

Organizational commitment based on the framework of Mowday, Portes & Steers (1982), generally refers to three observable patterns of behavior exhibited by the employees. These patterns of behavior are:

1. Strong identification with the mission, goal and values of the organization which is manifested in pride and in defense of the organization;

2. Willingness to exert considerable effort on behalf of the organization; and

3. Strong desire to continue employment in the organization, often termed as loyalty.

According to Scholl (1981), it is important to note that each of these behaviors can be explained from a traditional motivational perspective. For example, many people might work hard to ensure that the organization’s mission is realized, not because of any dedication to the organization itself, but because they have identified with that particular social mission. In this case, Scholl further asserted that there is a need to distinguish between commitment to organization (local orientation) and commitment to a profession (cosmopolitan orientation).

Likewise, long-term membership can be explained in terms of a continued positive exchange with the organization. In other words, the individual remains satisfied with his or her job and the inducements/contributions balance. It is what
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It is important to emphasize that organizational commitment of employees in companies or teachers in educational institutions is determined by a number of factors according to various literatures. Figure 1 presents these factors explaining the organizational commitment of people in the workplace.

The challenge to management/administration is to nurture and develop organizational commitment in all their people in order to improve organizational performance and success. Unfortunately, there are no easy solutions or quick fixes. It cannot be done by the “run of the mill” or “miracle” programs. It has to be a comprehensive and holistic strategy that takes into account these considerations:

1. Treat employees/teachers with dignity, respect and consideration. Make them feel that they are valued or appreciated by their supervisors and the institution that employs them;
2. Give premium to product/service quality/excellence and customer service;
3. Provide a clear understanding of the task by communicating precisely what has to be done and what their expectations are;
4. Allow the employee to use his/her aptitude, professional knowledge and judgement through job enrichment, job encouragement and employee autonomy;
5. Share extensive information on the company’s plans, activities, accomplishments and financial performance on a regular basis throughout the organization.
6. Manage organizational resources effectively and efficiently. Controlling its costs and increasing productivity should be properly done, i.e. with respect and consideration for people;
7. Provide employment security so people will feel secure in their job and give extensive training to ensure high competence level;
8. Use selective hiring by screening for cultural fit and attitude, by being clear on what are the most critical skills, behavior and attitudes needed for success, and by employing several rounds of screening to build commitment and to signal that hiring is taken very seriously;
9. Reduce status distinctions and barriers, including dress, language, office arrangements, and wage differences across levels; and
10. Utilize self-managed teams and decentralization of decision-making as the basic principles of organizational design.

If management/administration will take this challenge, it is essential that the key personnel who will be tasked to perform such challenge, be integrally involved in an organization’s strategic and policy-making activities. Moreover, they need to become more familiar with their business, spend more time with the line people and keep their hand on the pulse of the organization.

“Creativity is hazardous, but lack of creativity is fatal. Effective leaders encourage creativity by modeling it personally and by protecting and rewarding it in others.” (Richard Kriegbaum, 1998)