DOCUMENT RESUME

ED 367 228 HE 027 194

AUTHOR	Raffield, Barney T., III
TITLE	The Implementation of Mock Negotiations in Teaching International Business Management.
PUB DATE	Apr 93
NOTE	12p.; Paper presented at the Annual Eastern Michigan University Conference on Languages and Communication for World Business and the Professions (12th, Ypsilanti, MI, April 1-3, 1993).
PUB TYPE	Speeches/Conference Papers (150) -- Reports - Descriptive (141)
EDRS PRICE	MF01/PC01 Plus Postage.
DESCRIPTORS	*Business Administration Education; Cultural Awareness; *Global Approach; Higher Education; *International Studies; *Negotiation Agreements; Role Playing; Simulation; Teaching Methods; Undergraduate Study
IDENTIFIERS	*Lebanon Valley College PA

ABSTRACT

Mock negotiations are used as part of an undergraduate course in international business management at Lebanon Valley College (Pennsylvania) in order to introduce students to the process of negotiating for advantage in foreign countries and to emphasize the importance of an individual nation's customs, culture, and ways of transacting business in regard to the negotiating process. Eight mock negotiations are conducted, involving the countries of China, Japan, South Korea, India, Germany, France, Nigeria, and Brazil. Two student teams participated in each negotiation, with one team representing an American firm or association and the other team representing the government of the foreign country. The Framework for Global Business Negotiations is utilized, which outlines 4 components that are divided into 12 variables influencing the success or failure of the negotiations: (1) policy (basic concept of negotiation, selection of negotiators, role of individual aspirations, concern with protocol, significance of type of issue); (2) interaction (complexity of language, nature of persuasive argument, value of time); (3) deliberation (bases of trust, risk-taking propensity, internal decision-making systems); and (4) outcome (form of satisfactory agreement). Students were uniformly supportive and complimentary of this phase of the international business management course. (JDD)

THE IMPLEMENTATION OF MOCK NEGOTIATIONS IN TEACHING INTERNATIONAL BUSINESS MANAGEMENT

Barney T. Raffield, III, Ph.D.
Lebanon Valley College of Pennsylvania

EASTERN MICHIGAN UNIVERSITY

Twelfth Annual EMU Conference on

Language and Communication for World Business and the Professions

April 1 - 3, 1993

Ypsilanti, Michigan

INTERNATIONALIZING BUSINESS AND PROFESSIONAL EDUCATION

THE IMPLEMENTATION OF MOCK NEGOTIATIONS IN TEACHING INTERNATIONAL BUSINESS MANAGEMENT

Barney T. Raffield, III, Ph.D.
Lebanon Valley College of Pennsylvania

Methodology

The author began using mock negotiations as part of an undergraduate course in international business management at Lebanon Valley College of Pennsylvania during the summer session of 1992. The purpose of the mock negotiations was two-fold: (1) to introduce students to the process of negotiating for advantage in foreign countries, and (2) to emphasize the importance of an individual nation's customs, culture, and ways of transacting business in regard to the negotiating process. Eight mock negotiations were assigned involving the countries of China, Japan, South Korea, India, Germany, France, Nigeria, and Brazil. Two student teams participated in each negotiation, with one team representing a pre-selected American firm or association, and the other team representing the government of the particular foreign country. Each class member was given materials about each of the countries in regard to their customs, culture, and ways of approaching the negotiating process. The team representing the American firm or association was to present a business proposal to the team from the foreign country within the time frame of one hour. The topic of the business proposal had been pre-selected by the instructor (for example, the South Korean government team would be negotiating with a U.S. team from the American Rice Growers' Association, the French government team with a team from the California Wine Growers' Association, and the Indian government team with a team from IBM.) Having studied class notes and having read the handouts provided, the teams were to play their respective roles carefully during the negotiation. Other class members were also to have read all the materials so that they could critique both teams following each negotiation. The evaluation of the negotiating performance for both teams was made based on how carefully and accurately each portrayed its assigned role. One overall grade was assigned to each team, and that team grade applied uniformly to each member of the team.

The Negotiating Model Utilized

The Framework for Global Business Negotiations (Weiss and Stripp, 1985), as adapted by Moran and Stripp (1991), was utilized in this course as it was created to help businesspeople win global negotiations. The framework helps negotiators make intelligent decisions and take appropriate actions before, during, and after global negotiations by enabling them to predict and interpret the actions of their foreign counterparts.

The Components of the Framework

The framework distinguishes four components, each representing a key aspect of the negotiating process. These components are policy, interaction, deliberation, and outcome. If Company A of the United States and Company B of France are about to enter negotiations, Company A wants to answer the following questions about Company B: (1) **Policy**--What is B's philosophy of negotiation? How does B choose its negotiators? What does B want? How will the negotiators act? (2) **Interaction**--How will B's negotiators try to persuade us? What forms of nonverbal communication will be utilized? How will B's negotiators organize time? (3) **Deliberation**--How can we get B's negotiators to trust us? Are they willing to take risks? On what will they base their decisions? (4) **Outcome**--How can we reach an agreement?

The Variables Associated with Each Component

The Framework for Global Business Negotiations divides the four components into twelve variables which can influence the success or failure of the global negotiations. These variables are as follows:

1.	Policy	..Basic concept of negotiation ..Selection of negotiators ..Role of individual aspirations ..Concern with protocol ..Significance of type of issue
2.	Interaction	..Complexity of language ..Nature of persuasive argument ..Value of time
3.	Deliberation	..Bases of trust ..Risk-taking propensity ..Internal decision-making systems
4.	Outcome	..Form of satisfactory agreement

Basic concept of negotiation. Although negotiation has universal aspects, negotiators are driven by a variety of different beliefs, concepts, and attitudes regarding proper approaches to the negotiating process. There are two basic opposing philosophies of negotiation: strategic and synergistic. Under the synergistic negotiation model, resources are plentiful; there is plenty of pie for everyone. Each side wants to get as much of the pie for themselves as possible without profiting at the other's expense. Under the strategic synergy model, there are several types of resources, some limited and some unlimited; there are several kinds of pie, some plentiful and some scarce. Each side has differing tastes but wants as much of the pies that it likes as it can get. By determining the counterpart's philosophy, one team can devise helpful negotiating strategies.

Selection of negotiators. Foreign businesses attempt to choose negotiators who are the most capable of achieving satisfactory performance. Selection criteria can be broadly categorized under technical ability or social skills. Technical ability is knowledge and proven ability in a particular field of expertise. Businesses that value technical abilities choose negotiators on the basis of measured competence. Desired characteristics include technical knowledge, scientific skills, language, fluency, and legal training. Businesses that value social skills choose negotiators on the basis of social criteria such as personal attributes and status (seniority, political affiliation, social class, sex, age, ethnic ties, kinship, and physical characteristics).

Role of individual aspirations. The personal ambitions of negotiators are rarely identical with the interests of their corporations. In some cases, the position taken by a foreign negotiator may reflect personal goals to a greater degree than corporate goals. On the other hand, negotiators may want to prove that they are hard bargainers for the corporation. Negotiators are often put in the position of choosing between private goals and corporate goals. The negotiator may resolve this dilemma by exhibiting a "collectivity-orientation" and acting on behalf of the corporation; or the negotiator may exhibit a "self-orientation" and act for personal interests. (Hofstede, 1984; Ikle, 1964)

Concern with protocol. Protocol lists accepted practices of diplomatic interaction in detailed codes of ceremony and procedure. Rules of protocol may be formal or informal. The rules of protocol govern a variety of activities, including location of the negotiations, welcoming, transportation, official forms of address, presentation of credentials, business cards, dress codes, gift giving, entertainment, privileges, courtesies, receptions, ceremonies, receptions, language, use of interpreters, seating arrangements, timing, documentation, departure, and precedence.

Significance of type of issue. Strategic issue analysis in negotiations should concentrate on two types of issues: substantive and relationship-based.

Substantive issues center around control and use of resources, such as space, money, property, prestige, and food. Relationship-based issues center around the ongoing nature of mutual or reciprocal interests. Most negotiations take place in the context of an ongoing relationship. In many situations, the ongoing relationship is more important than the substantive outcome of any single negotiation.

Complexity of language. "Context" is the vocal and nonvocal aspects of communication that surrounds a word or passage and clarify its meaning. Contextual aspects of verbal communication include the rate at which one talks; the pitch or tone level of the voice; the adaptability of the voice to the situation; the variations of rate, pitch, and intensity that add effectiveness to the delivery; the quality of the voice; fluency; and the expressional patterns or nuances of delivery that convey meaning. Contextual aspects of nonvocal expression include eye contact; pupil contraction and dilation; facial expression; odor; color, including changes in facial tone and match of clothing; hand gestures, body movement; personal distancing; and use of space.

Nature of persuasive argument. Argumentation in global negotiations involves a blend of logic, emotion, and dogma. Negotiators who use logic try to persuade their counterparts with "substantive proof" (empirical or factual evidence). Negotiators who use emotional appeal try to persuade their counterparts with "motivational proofs" (evidence that coincides with emotions, values, or motives of the counterpart including evidence from historical and cultural tradition. Negotiators who use dogma try to persuade their counterparts with "authoritative proofs" (statement of opinion from a person whose training and practice qualify him/her as an authority).

Value of time. Cultures have different ways of organizing and using time. Some cultures take a strict view of scheduling, and others are more relaxed. Edward Hall divides cultures into monochronic" and "polychronic." Monochronic time emphasizes schedules, segmentation, and promptness (emphasizing one thing at a time); whereas, polychronic time stresses involvement of people and completion of transactions rather than adherence to a pre-set schedule. Appointments are frequently broken and important plans may be changed right up to the minute of execution. (<u>Beyond Culture</u>, 1977)

Bases of trust. In global business negotiators usually do not rely on sanctions supported by a higher authority because most international laws are unenforceable. Trust is placed on the counterpart's promises for two main reasons. First, as long as the counterparts find the agreement attractive on balance, they will want to keep their part of the bargain; otherwise, they will not get what they want. Second, corporations have a certain interest in keeping agreements as a matter of principle. If they violate an agreement, they may find it more difficult to reach agreements with other corporations in the future. (Ikle, 1964).

Risk-taking propensity. Decisions can be made under conditions of certainty, risk, or uncertainty. If a decision invariably leads to a specific outcome, then there is "certainty." If a decision leads to one of a set of possible specific outcomes, each occurring with a known probability, then there is "risk." If a decision leads to a set of possible specific outcomes with unknown or unmeaningful probabilities, then there is "uncertainty." Some cultures are risk-takers, while others are risk- and uncertainty-avoiders.

Internal decision-making systems. Internal decision-making systems can be broadly dichotomized as either "authoritative" or "consensus." In authoritative decision-making systems, leaders or other powerful individuals make decisions without consulting superiors. Decision-making power is not delegated to the entire negotiating team. In consensus decision-making systems, negotiators do not have the authority to make decisions without consulting superiors. The team leader must obtain support from team members and listen to their advice. The team may have to submit information to a committee or group of committees before any decision can be made.

Form of satisfactory agreement. There are two broad forms of satisfactory agreement. One is an explicit, detailed written contract that, by covering all contingencies, requires no future cooperation and binds the parties through an outside enforcement mechanism. The other is an implicit, broad oral agreement that, in accepting unforseen change as normal, leaves room for the parties to deal with the problem and binds them through the quality of their personal relationship. In determining what form of agreement is most desirable, the elements of concern are the relationship of the parties, the communication styles of the parties, the exchange of promises, and performance of the agreement.

Student Evaluations of the Mock Negotiations

Students in the international business management class were uniformly supportive and complimentary of this phase of the course. They felt that they were learning valuable skills for use in international business negotiations since each student had the opportunity to be a member of both a U.S. negotiating team and a foreign country negotiating team. Additionally, they uniformly felt that they had learned a great deal about the culture, customs, traditions, and business practices of each of the countries involved. I am currently repeating this experiment with the mock negotiations, and early indications from class members appear to support the summer findings.

BIBLIOGRAPHY

______. Beyond Culture, Garden City, NY: Anchor Books, 1977.

Hofstede, G., Culture's Consequences, Beverly Hills, CA: Sage Publications, 1984.

Ikle, F., How Nations Negotiate, New York: harper and Row, Inc., 1964.

Moran, Robert T. and William G. Stripp, Successful International Business Negotiations, Houston, TX: Gulf Publishing Company, 1991.

Weiss, Stephen E. and William G. Stripp, "Negotiating with Foreign Businesspersons," New York: New York University Graduate School of Business Administration, Monograph #85-9, 1985.