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Introduction and Overview

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Ed McGregory, vice president for Alcox International Manufacturing, is 62 years of age and is traveling to begin negotiations with a newly formed company, Buentesa in Paraguay. This is one of the many flights Ed has taken over his 30-year career in international trade. Ed is considered by his employer, his peers, and professional groups to be an excellent pioneer in international business. He now spends a great deal of his time entering into new markets to build relationships for future negotiations.

Ed is typically accompanied by other employees, some of whom are newcomers to international trade. This trip, Ed is traveling with a new hire, Tanya Lee, team product manager for one line of products in the International Division of Alcox. Tanya is 27, has an MBA in international marketing, and speaks fluent Spanish. If all goes well, Tanya will be the person in charge of the new account. Tanya seizes the opportunity presented by the long flight to learn everything she can from Ed's experience.

The conversation goes something like this:

Tanya: Ed, what should I know about international business negotia-tions? Have they changed much from when you started?

Ed: There is a lot happening in the international market today. I think someone with your training in language, history, and communication is a great asset for our company in interna-tional negotiation. I wish I had learned as much as possible about other cultures when I was younger. I had to pick up enough of foreign languages on my own to really conduct successful negotiations. I always enjoyed learning about other cultures and experiencing life from different ways.

Tanya: Me, too. I love to travel and spent a couple years in France after graduation. So is international business negotiation all that different from when you started?

Ed: When I first got into international business, I was the only rep-resentative from the company. There were very few markets that we were interested in, so most of the time I was in Europe. Then the Asian market opened and I spent my time traveling to Europe and predominantly Japan and South Korea. However, as you know, today we have a whole department dedicated to the international market. Technology has changed so much of how we negotiate. Foreign companies are communicating globally with each other, and there is a constant flow of infor-mation. We are able to learn about each other. I used to be able to simply read up a little about the country and the company I was about to meet with. We expected to get our way in interna-tional negotiations, and most of the time we did. Later, it became imperative to learn in depth about the company and the country's culture and sometimes adapt my behavior to fit the cultural norms. But now, because of the increased world trade and the vast numbers of people involved, international negotiations have evolved more. Cultural issues will always be a factor. But recently, there seems to be a new, worldwide cul-ture composed of veteran international negotiators like me. We seem to have our own language and customs, regardless of the country from which we come. The old ways of communicating in international trade are outdated.

Tanya: Then what approach will work in today's market, and tomorrow's?

Ed: The geocentric approach.

Tanya: What exactly do you mean?

Ed: Read this book and I think you will be ready for what lies ahead.

❖ THE DYNAMIC NATURE OF
    THE GLOBAL ENVIRONMENT

Today, more than at any time in history, nations, organizations, and companies must be prepared to negotiate in the global market not only to thrive, but to survive. With the 21st century's economic and technology advancements, the global marketplace is no longer reserved for the large, well-established transnational corporation, but is now a place where all types and sizes of organizations have an opportunity to compete. With advances in areas such as communication technologies and transportation services, small- and medium-size firms are able to more easily and cost effectively expand into the international marketplace. There are around 61,000 transnational corporations with over 900,000 foreign affiliates (UNCTAD, 2004).

The rapid advancement of technological innovation has played a major role in the internationalization of firms from both developed and developing countries. As a result, developing countries have been able to advance economically at a faster rate than in the past. The economic advances of developing countries have occurred primarily because of foreign direct investment into these countries, usually from developed countries. This expansion has increased the scope and breadth of cultural understanding needed for success in the international business negotiation environment. In other words, there are more countries and more cultures involved in international business today.

Historically, foreign direct investment (FDI) focused solely in the developed world, with developing-country FDI targeted at access to raw materials. While developed countries are still the major recipients and providers of FDI, a larger proportion of FDI is targeted toward the developing world in today's international environment. The growth potential in developing countries has made them very attractive to many firms. Developing countries offer great opportunities for business as they grow economically. At the same time, knowledge and expertise about operating in these countries is more dissimilar and less familiar than in most developed countries, especially in terms of

cultural values and behaviors, political and legal processes, and business practices. Thus, business negotiators face greater challenges conducting international business trades in these countries.

In the 1980s, developing country transnational corporations accounted for less than 6 percent of FDI flows globally. By 2004, they accounted for approximately 10 percent (UNCTAD, 2004). In 2003, China became the largest recipient of FDI worldwide. As FDI grows in developing countries, the economic strength of these countries will also increase, thus increasing the demand for many products and services from developed countries. The end result is that developing countries, which far outweigh developed countries in terms of number and population, will play a larger and larger role in the global economy and in conducting international trade negotiation.

In addition to the contribution of technology and FDI to international growth, the economic integration of countries has changed the face of competition worldwide. Countries no longer compete independently in many parts of the world. Multilateral agreements, known as economic integration, between countries have formed strong competitive groups within regions of the world. Leading the movement of economic integration is the European Union, with a population of over 450 million and a GDP (gross domestic product) comparable to the United States. The most recent ten members, joining in May 2004, are Eastern European countries, adding a great deal of cultural diversity to the mix. These countries are developing countries with a very diverse set of cultures and languages. Although there may be some general similarities across the European Union cultures, each country maintains its own unique character. It is these unique elements that factor into the success (or failure) of a negotiation.

The North American Free Trade Agreement (NAFTA) involving Canada, the United States, and Mexico is another well-known example of the economic integration of countries that influence trade negotiation interaction. For over 10 years, these countries have been working together to reduce trade barriers in order to increase intercountry trade. Farther south in the Americas, multilateral agreements have been in place for more than two decades. Mercosur and the Andean Pact involve a number of Latin American countries. Over time, the member countries have worked to increase the level of economic cooperation in order to enhance economic growth and activity. In 2005, the newest free trade agreement in this region, CAFTA-DR, was formed and includes the United States, Central America, and the Dominican Republic. As with Mexico, through NAFTA, we should see an increased rate of economic growth, especially between member countries.

Finally, in Asia and Africa, countries have been moving toward more economic cooperation with their neighbors. The Association of Southeast Asian Nations (ASEAN) was formed in 1967 in order to encourage trade between member countries through cooperative industrial policies. For several decades, African countries have struggled with attempts to cooperate economically due to political instability and poor economic conditions. However, they continue to work toward economic integration with nine trading blocks (cooperative agreements) among African countries in existence today (Hill, 2004), including the Economic Community of West African States (ECOWAS), the East African Community (EAC), and the Southern African Customs Union.

The economic cooperation between countries has modified the competitive borders between countries. Almost 20 years ago, Kenichi Ohmae (1987) argued that the world was becoming regionalized and firms must develop strategies for competing within and across regions in order to be successful. This has certainly occurred. It is no longer sufficient to develop strategies on a country-by-country basis because countries are no longer competitively independent. Firms must develop strategies for individual countries, and for multicountry regions, as well as globally. Therefore, understanding the negotiation style of a single country may not suffice.

The cumulative effect of technological innovation, increased FDI, growth of developing countries, and economic integration has been a convergence of cultural behaviors. As products, services, and people continue to cross borders and interact, it becomes increasingly risky to assume that cultural behaviors remain unchanged. It is no longer sufficient to learn about a country's culture and expect interaction with people from that culture to follow the "rules" of that culture. As we interact with people from other cultures, we change, they change, and behaviors and attitudes change. It is a dynamic process. Change occurs continually. For negotiators, it is critical to develop a strong understanding of the elements that form the framework for negotiating in an international setting, and to attain the attitude and skills needed to adapt to the changing environment.

❖ THE NEED FOR AN INTEGRATED GEOCENTRIC APPROACH

Much of the study of international negotiation has taken a Western, or developed country, approach. The contribution of this approach has been substantial, and research has aided the development of negotiation

expertise of businesses. However, a Western perspective is just that—a Western perspective. The majority of the world's population is non-Western. The majority of countries with the greatest growth potential are non-Western. The majority of work in the area of international negotiation remains Western. A non-Western perspective is needed in order to better understand the world.

This is not to say that we cannot use the theories and research that currently exist. In fact, current theories provide an excellent base from which to expand our understanding of the negotiation processes and practices followed by other cultures. For example, in the field of communication, scholars such as Gudykunst (2005) have provided an excellent overview of communication theories that explain intercultural communication. These theories, especially face-negotiation theory (Ting-Toomey, 1988) and anxiety/uncertainty management theory (Gudykunst, 2005), help us understand the communication interaction between people of different cultures. However, the specific nature of the international business negotiation context requires looking beyond the general intercultural theories and necessitates an integrative approach. Not only do we need to understand how communication behavior may vary by culture, we must also consider the uniqueness of the negotiator's communication style (Gundykunst, 2005) and how the exchange process is a mutually influencing process that often results in a "third culture." Today's global market requires negotiators to know more than general culture guidelines to become successful, competent business managers. The individual's characteristics that facilitate understanding the dynamic nature of the international business negotiation environment are important factors in success or breakdown of a negotiation. Thus, there is clearly a need to incorporate intercultural and individual communication knowledge to better understand the international business experience. This integrative approach must continue by incorporating important negotiation principles, communication factors significant to the international business negotiation context. In addition, viewing business from a worldview is necessary and, with this, is the need for renegotiation and alternative dispute resolution. Therefore, successful negotiation in international settings requires us to examine negotiation from a geocentric approach.

❖   CENTRICITY AND THE GEOCENTRIC APPROACH

Negotiating in an international business context is about building relationships. The depth and strength of these relationships will vary by definition and by culture. But they must exist in order for the business transaction to occur. The view for the international manager/negotiator

and the firm is long term, and this requires substantial investment in terms of time and money. Negotiating approaches of problem solving and conflict resolution help maintain the relationship by focusing on positive outcomes for both sides.

Long-term success as an international negotiator requires an individual to step out of his or her own shoes and into the shoes of others in order to understand the "other" perspective. Negotiators with a geocentric approach have the ability to do this, which increases the potential for long-term success in the international environment. As discussed later in the book, the ability to do this well requires that an individual possess certain characteristics as part of his or her communication style. Further, we identify the characteristics needed to gain competence in intercultural communication. In the global environment, the breadth and depth of cultural communication differences are vast. Understanding and adapting to these differences is a necessary part of effective international negotiation.

Along with the capabilities of the negotiator, the attitude, or mindset, of the firm also plays a role in determining the long-term success of the firm. Research has shown that firms with a geocentric mindset perform better in the international environment than firms with other orientations (Calof & Beamish, 1994). The following section explores the framework for determining the international attitude or orientation of a firm doing business in the international business negotiation environment.

A Few Definitions

When discussing managerial and personnel issues in the context of international business, there are specific terms used to explain the relationship of the individual to the headquarters and subsidiary of the company. The country in which the headquarters of a company is located is referred to as the *home country*. When a citizen of the home country works for the company in another country (at a foreign subsidiary of the company), he or she is referred to as an *expatriate*.

The foreign country where a subsidiary is located is called the *host country*. Employees in the subsidiary who are citizens of the host country are referred to as *host-country nationals*. Finally, employees in the subsidiary who are neither citizens of the home country nor citizens of the host country are referred to as *third-country nationals*.

International business negotiation is a communication process involving two or more parties from different cultures who come together, each with their goals of reaching an agreement that will result in a successful outcome.

Organizational Culture

Several factors influence the negotiation interaction and outcomes, such as personality, communication style, or characteristics of the individual negotiator, as well as the national cultures of the negotiation team members, and the perceptions of the partners' behaviors, which is related to cultural background. In addition to these elements affecting an international negotiation, the culture of the organization plays a substantial role in influencing the attitudes and behaviors of negotiators. Just as an individual's culture and background affects his or her negotiation behaviors, the values and attitudes of the firm for which the individual works will also affect his or her negotiation strategies and behaviors.

This book presents the elements of culture that help to form an individual's cultural values and norms. Institutions make up one of these elements. The most important institution in most cultures is the family, and, in many cultures, religion. In a business context, the business organization, or firm, plays a major role in the development of its employees' values and attitudes regarding business.

Within the business context, the culture of a business organization affects the strategic development and operation of the business itself. Organizational culture is defined as "the pattern of shared values and beliefs that help individuals understand organizational functioning and thus provide them with the norms for behaviors in the organization" (Deshpande & Webster, 1989, p. 4). Each organization has its own unique culture as a result of its history (Detert, Schroeder, & Mauriel, 2000) and its members (Trice & Beyer, 1993).

Organizational culture can be divided into two components. The first is the mental activity (Detert, Schroeder, & Mauriel, 2000) that holds the general beliefs and values of the organization's members. Collectively, these members make up the organization. The mental activity, or cognitive component, of organizational culture is the substance of culture (Trice & Beyer, 1993) and provides the answer to "why" regarding organizational behaviors (Schneider & Rentsch, 1988, as cited in Deshpande, Farley, & Webster, 1993, p. 24).

The second component consists of attitudes and behaviors that exhibit the general beliefs and values (mental activity) of the organization's culture (Detert, Schroeder, & Mauriel, 2000). While the mental activity is the substance of organizational culture, this component is the "form" of culture (Trice & Beyer, 1993).

Understanding organizational culture can be as difficult as understanding other cultural groupings. As outsiders to a firm, we can only

see the behaviors and attitudes of a firm (i.e., its members). Without knowing the reasons behind the behaviors, it is difficult to determine the best way to respond to those behaviors. As with country cultures, this does not necessarily help us understand the "why" of those behaviors. In order to understand the thought processes behind those behaviors, we must understand the perspective of the organization's members (Trice & Beyer, 1993). Calof and Beamish (1994) found that the *firm orientation* (the organizational culture) was held by the executives of the firm and therefore would be expected to trickle down through the organization. Thus, alignment of the attitude of the firm and the attitude of the negotiator is needed for long-term effectiveness in the international environment.

Centricity

The concept of centricity originated in the late 1960s, when researchers began to analyze the differences in strategic approaches taken by firms doing business in the international environment. Because the strategy of a corporation is created by the individuals within an organization, this implies that the attitudes and values of the individuals would influence strategy development. Thus, the attitude or orientation of the firm would emulate the attitude or orientation of the individuals of the firm and vice versa.

When we think of personality, it is usually in terms of an individual, but in the business environment, it is important to also understand the personality of the organization. Organizations are made up of people and processes. The personalities, especially in terms of attitude of the people of the organization, create or influence the personality of the organization. As would be expected, the executive level of the organization has the greatest influence on forming or modifying the organizational culture. In a study assessing the centric orientation of Canadian firms and its relationship to international success, Calof and Beamish (1994) found that the centricity of senior executives matched the centricity of the organization. And, the stability of the attitude of an organization is maintained through the hiring of like-minded personnel. Personnel within an organization are socialized to the firm's operating philosophy and organizational values. Thus, understanding the firm's perspective aids in understanding the mindset of the individuals within the organization.

From a global perspective, multinational firms take different approaches to dealing with foreign markets. The type of approach taken affects the firm's strategic decision making, management of

foreign subsidiaries, how it interacts with foreign firms, and the managers it hires.

The type of approach a firm takes in foreign markets is known as the firm's centricity. Centricity relates to the attitude toward foreign markets and cultures that is held by executives with decision-making power regarding strategic activities and operations in foreign markets (Calof & Beamish, 1994). The seminal research in developing centric profiles (Perlmutter, 1969) continues to be used in assessing the international mindset of a multinational corporation.

In his original work, Perlmutter (1969) identified three centric profiles held by multinational corporations: ethnocentrism, polycentrism, and geocentrism. In later research (Heenan & Perlmutter, 1979), a fourth profile, regiocentrism, was identified. The type of centric orientation held by a firm influences its decisions at an operational level (hiring practices) as well as at the strategic level (types of entry modes to use as well as level of presence in the foreign market). Centric orientation affects decisions in all areas of a business, including research and development, human resources, production and operations, marketing, and finance. As negotiation is present at some level in all of these areas, the centric orientation of a firm and its individuals will affect negotiation strategy and behavior. Further, centric orientation will also affect the relationship development component of international negotiation, which is so important in many regions of the world.

Ethnocentricity

An individual with an ethnocentric attitude believes that his or her values, beliefs, and ways of doing things are superior to those of other cultures. Thus, business decisions will reflect this type of perspective. Firms that use an ethnocentric strategy tend to view the world from a home-country perspective. Foreign operations are typically viewed as secondary to home-country activities and usually are managed so as to support and strengthen the goals of the home country. Managers in an ethnocentric firm come from the home country. Business practices and processes in the home country are exported to foreign operations. There is a strong reliance on "what works best in our country will work best in another country." Adaptation to foreign cultures and business practices is minimal.

When making decisions, international managers are sometimes faced with the challenge of balancing the goals and needs of the home country with those of the host-country subsidiary for which the manager is responsible. Managers from an ethnocentric firm will

usually put the needs and goals of the home office before the needs of the host-country operation. Communication between the home- and host-country offices will usually be close, and headquarters will have a great deal of influence over the decisions made in foreign subsidiaries.

The headquarters staffing of an ethnocentric firm seldom places many foreigners in executive positions, which further strengthens the ethnocentric perspective. Little effort is made to integrate other cultures and business perspectives into the firm's strategic direction or operational activities.

As previously discussed, the personnel within a firm help structure the personality, or mindset, of the firm. Further, the firm's mindset, or strategic perspective, influences the type of people hired as well as the type of person attracted to that firm. In other words, an ethnocentric firm would attract potential employees who also have an ethnocentric attitude. This cycle reinforces the organizational behavior of the firm, making it more difficult to effect change in strategic orientation (Calof & Beamish, 1994).

Negotiation behavior of ethnocentric managers would be expected to follow the same tendencies as their strategic and operational behavior. With headquarters' goals being most important, looking at the needs of the foreign company with whom they negotiate would tend to be limited. Negotiation behavior would be expected to follow that of home country. Thus, ethnocentric firms would be least likely to adopt a worldview in which the integration of home and host needs prevails.

Polycentricity

For many firms, a polycentric approach to international expansion was beneficial in developing a global learning and knowledge advantage. A polycentric mindset looks at each country/culture as a unique entity and adapts strategies and behaviors to fit the unique characteristics and needs of the foreign entity. Decisions are made on a country-by-country basis, and the needs of the host-country subsidiary supersede the needs of the home-country headquarters.

International managers from a polycentric firm are typically the most knowledgeable people in the firm regarding the host countries and their respective cultures. Managers readily adapt business processes and behaviors (as well as products and services) to fit the needs in the host countries.

In a negotiation situation, a polycentric manager can be expected to learn about and adapt to the negotiation behaviors and practices of

the foreign culture. Goals of the negotiation would be host country oriented first, followed by the needs of the company as a whole. The polycentric approach has benefited companies in their global expansion activities. Local adaptation on a country-by-country basis helps a company to establish a solid local presence in each foreign market and gain valuable knowledge and know-how for doing business in that country. As global competition increases, however, the redundancy of activities from one country to another hinders competitiveness due to increased costs, variability in brand identity, and lack of coordination and integration between country markets. Thus a firm's worldwide activities may seem somewhat fragmented.

For the international negotiator, adaptation is key to success. Understanding cultural differences and modifying negotiation behavior to meet some of the differences are necessary. Organizations with a polycentric orientation depend on their international managers to acquire the knowledge and skills needed to operate effectively in the foreign environment and to develop the ability to determine what behaviors need to be modified in various situations.

Regiocentricity

As firms increase their presence in other countries and competition worldwide grows, firms begin to look for ways to integrate activities and exploit global learning advantages. Typically, firms that begin with a polycentric orientation can strengthen competitive position by moving to a more regiocentric orientation. Regiocentric firms (and managers) view the world with a regional perspective. Countries within specific geographic regions typically share some cultural values and norms. Tastes and preferences are more similar (than with other countries), political and legal systems have similarities, and business practices tend to have more commonalities. Business decisions within a region tend to be affected by the firm's overall strategic direction (for that region). Thus negotiations with one host country will be influenced by the needs and goals of firm activities in other countries within the region.

Managers with a regiocentric perspective identify common threads throughout the cultures within a region and try to adapt to them in a manner that will maximize the strategic goals of the firm for that region. Unlike polycentric firms, which typically have a manager for each country market, a regiocentric firm will select a single manager to oversee and coordinate operations and activities in all countries within

a geographic region. Thus regiocentric managers will have negotiation responsibilities in many countries, and negotiation strategies will encompass the regional needs of the firm. In this case, managers would need to have the ability to adapt negotiation behavior to fit a specific regional situation. In other words, a manager would need to understand the cultural values and behaviors of each country in which he or she operates and have the ability to determine which behaviors to integrate into negotiations involving more than one country from the region. In many cases, behaviors may vary from person to person within the negotiating team if it is a regional team.

Geocentricity

Firms with a geocentric orientation view the world as a whole and build practices and processes that maximize the benefits of its presence in each country or region around the world. A geocentric orientation typically evolves from the global learning and knowledge accrued by a firm as a result of its international activities over time.

In a geocentric firm, there is strong integration of operations and activities across countries globally. Host-country subsidiaries do not operate independently of others. Instead, there is cooperation, interdependence, and communication among subsidiaries. Each country subsidiary is assessed for its strongest competitive advantage, which becomes the strategic focus for decisions in that country. In the aggregate, country advantages create a strong global position of the firm.

Decisions made by geocentric managers must take into account the global strategy of the firm. The home country is perceived as being on an equal basis with all other countries in which the firm operates.

A geocentric manager accumulates knowledge and experience about culture, political and legal systems, business practices, organizational behaviors, and many other aspects of doing business in other countries. He or she then applies this know-how to his or her intercultural interactions and business strategies in order to build lasting relationships and reach solutions that benefit all involved in the business interaction.

As a negotiator, the geocentric manager is able to interact with others from a variety of cultures and meet the goals and needs of the home country while allowing others to also benefit from the relationship. This win-win solution to international negotiation occurs because the geocentric manager is able to see things not only from his or her own perspective, but also from the perspective of others, and can assimilate this knowledge to help create mutually beneficial outcomes.

An Argument (Rationale) for a Geocentric Approach

Company strategies must reflect the international marketplace. Strategies, or the mindset, used to operate in the international marketplace have been categorized as being ethnocentric, polycentric, regiocentric, or geocentric strategies. Although ethnocentrism is strong in many countries, an ethnocentric approach to negotiation may not be effective in international negotiation situations in today's global environment. Negotiators cannot afford to judge others by their own cultural values and rules. This self-centered approach is likely to result in negotiation suicide. It is difficult to take a country-by-country approach when developing negotiation strategies today. In other words, one of the underlying goals for many firms involved in international negotiation is the development of a long-term relationship with the partner firm. An ethnocentric approach tends to convey a message of superiority on the part of the ethnocentric negotiator or firm and reduces the ability to build trust between the two parties.

A polycentric approach, using a country-specific negotiating strategy, is no longer as effective as in the past, especially in light of the increase in economic integration worldwide. As a result of integration and a more regional or global approach taken by firms, a negotiating team may consist of members from a variety of countries who all work for the same company. Their negotiation styles may differ as well as their goals for the global firm. Thus, the convergence of cultures and regionalization of firms worldwide make a polycentric approach risky.

While a regiocentric approach is useful, especially in economically integrated areas, it may limit the global opportunities available to a firm. Firms use regional strategies within the context of their broader, more global, planning. However, the broader global approach is critical to maintaining competitiveness and efficiencies throughout the firm's global activities. For firms to maintain competitiveness, managers negotiating within a region of the world must take into account the strategic goals of the firm for other parts of the world as well as their own region. What happens in one region of the world may very well affect another region.

A geocentric approach offers the greatest possibility for success in the international negotiation setting. Understanding similarities and differences among and between countries and their cultures is important. As international managers gain more experience in the international environment, their attitudes and behaviors are affected by these interactions. Further, the manner in which geocentric managers behave in an international setting is influenced by the breadth and depth of their international experiences. The accumulation of knowledge and

experience from countries and cultures around the world improves the geocentric manager's communication competencies across cultures and enables him or her to adapt to the variety of settings faced when negotiating in various countries. The geocentric negotiator develops an identity that is no longer representative of a single culture but rather a true integration of the negotiator's history, experiences, and worldview.

❖ AN INTERDISCIPLINARY EXAMINATION

The need for combining the study of business, negotiation, culture, and communication to understand global business negotiation is upon us. Now, more than any other time in history, individual disciplines must come together to address the changing world in which we live. We are specifically interested in a combined effort of disciplinary approaches for the examination of negotiation in an international business context.

For several decades, researchers operated within their own area to study the issues, problems, and theories of intercultural interactions. All, however, in one form or another, are helping to formulate an understanding of who we are and why we behave in certain ways. And most would agree, regardless of their area of study, on the following premises:

1. The culture in which an individual is reared influences the manner in which the world is viewed.

2. The expectations of how people should conduct themselves in social interactions and how to interpret those interactions are created in part by the culture.

3. Culture facilitates or prevents clarity in communication during international negotiations.

4. Cultural behaviors change as intercultural interaction occurs.

5. Company values are represented in the organizational culture that influences negotiators' strategies and practices, as well as expectation of others conducting a business negotiation. The workplace culture may be very similar to our understanding of human nature or it may require us to learn and take on new behaviors.

6. The individual is a critical component for explaining the dynamics of the communication process in intercultural business negotiations.

It is the individual who communicates and finds ways for reaching an agreement—not nations, companies, or cultures. The importance of examining how these precepts are intertwined requires a collaborative, interdisciplinary approach. Thus, using an integrative approach, we propose a framework for achieving a successful geocentric negotiation.

❖   AN INTEGRATIVE FRAMEWORK

Olaniran and Roach in 1994 argued, "Before cultures can bridge gaps in intercultural interactions, more understanding is needed of the specific communication patterns of other cultures" (p. 380). We must consider both the general culture and how this interrelates with the individual characteristics of a negotiator for a more meaningful under-standing of global negotiation. Given the globalization effect that is currently underway, we can no longer cling to a singular discipline or focus in order to understand or successfully manage the negotiation process in business transactions. Specifically, we are compelled to reex-amine the boundaries that constrain a much richer and much needed perspective—an integrative framework. The integrative approach is one in which we can turn to find an understanding of global negotia-tion. Focusing on negotiation as a communication process in the context of the international business environment will help us better under-stand the integration of communication, culture, and negotiation.

The significance of negotiation as a communication process–centered procedure has been acknowledged by negotiation scholars for several decades (Fisher, Ury, & Patton, 1991; Gelfand & Brett, 2004; Lewicki, Saunders, Minton, & Barry, 2003). But little research has focused on the international business negotiation experience. In addi-tion, the intercultural communication research (although plentiful) lacks clarity on how or what intercultural communication means in terms of impact on the negotiation process, especially in the business transaction. The intercultural communication research is predominantly focused on the development of cultural generalities that are helpful to learn about homogenous cultures. However, with the technological and intercultural communication advances, pure forms of cultural represen-tation are greatly diminishing. To fully understand the international business negotiation process, we must examine the international busi-ness negotiation from more than one viewpoint. The geocentric per-spective allows one to examine the international business transaction by examining the impact of individual factors, cultural factors, the busi-ness environment, and the dynamics of the intercultural business

communication. The framework of individual characteristics integrated with cultural influences and contextual factors (e.g., negotiation relationship) will lead us to a much richer understanding of the business negotiation for the next century.

The dynamic nature of the international business environment makes it difficult to generalize practices and processes for interacting with companies and individuals from other countries, especially in a negotiating setting. However, understanding the foundational elements of the people involved in international business negotiations as well as the environment in which international business negotiations take place provides a framework that can be applied to the numerous transactional settings that occur in the international environment.

The purpose of this book is to provide a framework that explores the elements necessary for effective negotiation in the international business environment. The two foundational categories needed for effective international negotiation are the *individual negotiator* and the *environment* (See Figure 1.1).

The Individual Negotiator

The individual involved in the international business negotiation matters. At the macro level, the goals and values of the negotiator's culture will influence his or her negotiation behaviors and practices. *Cultural goals and values* vary from country to country and can complicate a negotiation if differences are not clearly understood.

At the micro, or individual, level, *communication styles* vary from person to person and influence an individual's potential for effective negotiation strategy selection and collaborative relationship building. Some individuals, based on their communication characteristics, may find it easier to be effective as international business negotiators than others. In addition, negotiators have different skills and motivations to negotiate successfully in the global market. Obtaining a high level of intercultural *communication competency* is essential for maximizing success in international business negotiations. The negotiator's achieved intercultural communication competency used in the international business negotiation is an important ingredient in international business trade. Competency is more likely to be achieved when the negotiator is: adaptable, empathic, sensitive, knowledgeable, provides face honoring, and is mindful and effective in achieving his or her goal. The negotiator's style of communication coupled with his or her intercultural communication competency level will clearly influence the end result: the success or failure of international business negotiations.

Negotiators as Managers

International business negotiators are managers. Negotiation is only part of their roles and responsibilities. It is difficult to understand their role as a negotiator without some understanding of the management issues and other responsibilities facing the international manager. As we discuss the various aspects of the individual, such as communication characteristics, behaviors, and competency, and the international business context, there will also be some reference to the individual as a manager. What makes an individual successful as an international negotiator also makes that person successful as an international manager and vice versa. The broader scope of the international manager adds perspective to understanding the position and role of negotiation and the negotiator within the international business context.
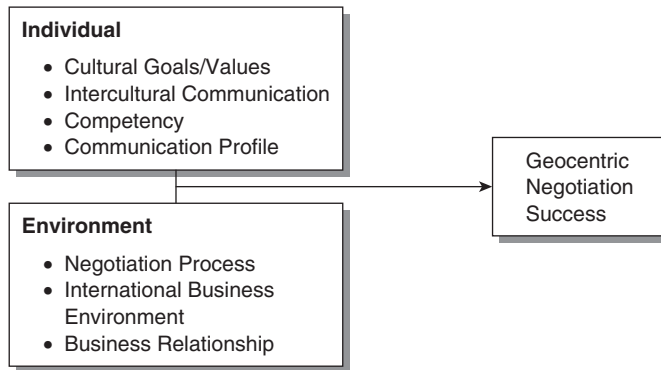
Environment

The environment in which international business takes place is the second foundational category important for effective international negotiations. These elements tend to be more fluid. At the macro level, the *international business environment* changes as countries and relationships between countries change. Factors such as economic development, political changes, and technological development will affect relationships between countries. At the micro level, organizational situations as well as *business relationships* between firms will influence the negotiation process between firms and countries. As relationships change, negotiation processes and strategies also change. The challenge becomes the ability to identify and fluidly adapt to these changes.

As we will develop throughout the book, a geocentric approach to the *negotiation process,* including strategy and practices, is required for long-term success in the international business environment. The international negotiator must take into account not only the immediate need of a current negotiation, but also the long-term global strategy of the firm. Relationships with foreign companies take a prominent position in the development of global strategy, thus developing and maintaining those relationships become paramount to negotiating success. A geocentric negotiator is able to adapt to the ever-changing international business setting.

❖ STRUCTURE OF THE BOOK

In this introductory chapter, we presented the framework for a geocentric strategy for a firm and its managers and briefly outlined the

Figure 1.1   A Geocentric Approach to Successful Negotiation

Individual
- Cultural Goals/Values
- Intercultural Communication
- Competency
- Communication Profile

Environment
- Negotiation Process
- International Business Environment
- Business Relationship

Geocentric Negotiation Success

importance of a geocentric approach for successful negotiation in an international business context. This chapter provides the foundation for understanding and developing a geocentric mindset to international negotiation.

The world overview developed in Chapter 2 provides a base for developing a global perspective necessary for understanding the dynamics involved in successful international communication and negotiation. This sets the stage for the remaining chapters by giving the reader a frame of reference for applying the elements of the geocentric approach to international negotiation.

Chapter 3 reviews the negotiation process. This chapter presents a general framework of the negotiation process, an analysis of negotiation from an international perspective, and suggested guidelines to consider in a geocentric business negotiation. Chapters 4 and 5 address two of the elements of the framework presented. From a macro perspective, Chapter 4 discusses the commonly accepted models for differentiating cultural goals, values, and behaviors between countries in a business context. The communication profile (Chapter 5) focuses on the individual and the communication characteristics and behaviors important in effective international negotiation.

Chapter 6 focuses on intercultural communication competency. Skill, motivation, knowledge, and communication behaviors influence the communication competency level of international business negotiators. This chapter is a discussion concerning the role of intercultural communication competency in global business negotiation. A brief review of the communication competency research is presented, followed by a discussion of eight factors for enhancing negotiator intercultural

communication competency. This chapter concludes by suggesting key communication guidelines for negotiating in the international marketplace.

Chapter 7 returns to the international business environment and examines more closely the organizational context of international business negotiations. Differentiating between types of business strategies used in the international environment should help the international negotiator in developing the appropriate negotiation strategies.

Chapter 8 discusses the role of alternative dispute resolution, or ADR, in international business negotiations. ADR is especially important in the international environment, where differing political and legal systems from country to country may result in misunderstandings of negotiation expectations, and diminish activities due to uncertainties and lack of knowledge. Third-party participation in negotiations is widely accepted in some cultures and highly avoided in other cultures. The role of the third party and the timing of intervention, as well as critical issues and benefits of using third-party intervention, are discussed. In addition, the available ADR options are reviewed. This chapter concludes by presenting guidelines for assessing when to use ADR.

Chapter 9 offers a practitioner perspective on international negotiation. A number of businesspeople whose careers involve international business negotiations were interviewed in order to provide a real-life perspective on what it is like to negotiate across cultures. Each person interviewed offered advice for students and businesspeople interested in pursuing a business career involving international negotiation.

The paradigm shift has begun in our world. It is our obligation to reexamine, reconfigure, and, if necessary, disregard what we know from yesterday to gain knowledge for tomorrow.

❖ DISCUSSION QUESTIONS

1. How is technology influencing globalization?

2. What role does FDI play in the globalization of developing countries? How does FDI relate to international negotiation?

3. Why is the globalization of developing countries important?

4. Discuss the pros and cons of each category of centricity. As an international negotiator, how would each affect your negotiating environment?

5. Why are issues such as technology, FDI, economic integration, and centricity important to international business negotiation?

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