

Impacts of Cultural Differences on Japanese and American Business Negotiations

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Abstract: Culture is a very important factor that has impacts on international negotiation. Cultural differences may cause a great number of problems when negotiating across borders, especially when the United States and Japanese, the typical examples of the western culture and eastern one, meet together at the negotiating table. People from different cultures prefer to use different negotiating strategies and styles.

Keywords: Cultural difference, Business negotiation

There exist big differences on business negotiating styles among different countries, especially differences on west-eastern business negotiations. In this paper, I mainly talk about the business negotiating styles of two countries—Japan and America, which represent respectively the negotiating styles of the west and the east.

1 Culture and negotiation

As we all know, culture is not a new but rather complex topic, which has been heatedly discussed in the past decades. There are more than 160 definitions given in the anthropology literature and the term culture has been defined in many ways. According to Samovar, culture can be defined as “the deposit of knowledge, experience, beliefs, values, actions, attitudes, meanings, hierarchies, religion, notions of time, roles, spatial relations, concepts of the universe, and artifacts acquired by a group of people in the course of generations through individual and group striving.”^[1]

In international business settings, the development of negotiation process and how parties perceive the relationship are crucial. This process is influenced by some facts and factors beyond the negotiation process in question. Cultural differences form one of the most important factors. Culture is a major determinant of strategies and tactics in international business negotiation, because negotiations involve communication, time, and power and these variables differ across cultures.

2 Factors of culture that influence negotiation

Even though there might be some mistakes or stereotype in it, we can see that distinguished differences do exist in the two kinds of cultures which are the deep-seated reasons why the Japanese negotiate quite differently from the Americans do and how these differences are produced. Here, we will have a look at some concrete cultural factors that are in the play and are generally believed to have an enormous impact on the West-Eastern business negotiations, which are represented respectively by America and Japanese.

2.1 Low-context versus High-context communications

The concept of low-context and high-context communication was postulated by the anthropologist Edward Hall: A high context communication or message is one in which most of the information is either in the physical context or internalized in the person, while very little is in the coded, explicitly transmitted part of the message. A low-context communication is just the opposite; i.e., the mass of the message is vested in the explicit code.^[2]

Japan belongs to the high-context cultures. In high-context cultures, people prefer to communicate allusively rather than directly. Meaning is embedded in message and must be inferred to be understood. In high-context cultures, information is provided through gestures, the use of space, and even silence. Japanese are highly uncomfortable with direct conflict; they talk around it, or give indirect hints that they disagree. They hardly say “no” directly. They tend to communicate with less eye contact, fewer negative expressions, and more period of silence. All these propensities are associated with the requirements of maintaining face and group harmony.

America belongs to the low-context cultures. The American style is very direct, and they try to demand the same from counterparts. To not do so is to be deceitful, Americans want you to look them straight in the eye and “lay it on the line. They love confrontation and are not subtle in their intimidation techniques. In low-context cultures, people are encouraged to “speak up” and make sure their views are heard. In this case, the American negotiators seem to be “aggressive” and even “intimidating” due to their directness.

2.2 Individualism versus collectivism

Individualism is not a characteristic of Japanese negotiators. Japanese culture is typically collectivist. Collectivism emphasizes common interests, cooperation and interdependence. The Japanese maintain harmony at all cost. Consensus is a lifestyle in Japan.

Collectivistic negotiators make decisions by a consensus method rather than individual decision-making. They are reluctant to take risk, for risk-taking is much discouraged and responsibility is taken by the group. All the decisions taken during negotiation should be agreed through the whole group. They expect foreigners to share their commitment to long relationships. Face must be preserved at all costs.

On the contrary, American culture is highly individualistic. In individualistic culture, individuals are expected to take care of themselves and to value their needs over that of the collective---the group, community and society. The word “aggressive” can be used to describe American negotiators, which is definitely true. That is because individualistic culture values open conflict that is usually resolved through debate, argument, or even court. And “They feel they belong to many groups and are apt to change their membership as it suits them...”^[3]

2.3 High-uncertainty-avoidance versus Low-uncertainty-avoidance

High-uncertainty-avoidance cultures try to avoid uncertainty and ambiguity by providing stability for their members, establishing more formal rules, not tolerating deviant ideas and behavior. There is a strong need for written rules, planning, regulations, rituals, and ceremonies, which add structure to life. It's obvious that Japan belongs to this culture. The Japanese will not discuss points that are not part of the prearranged agenda. Meetings will be highly orchestrated; the Japanese don't like surprise. They try to ensure certainty and security through an extensive set of rules and regulations.

Conversely, as a member of low-uncertainty-avoidance cultures, America has a high tolerance for uncertainty and ambiguity, believing in accepting and encouraging dissent among cultural members, in tolerating people who believe in ways that are considered socially deviant, and in taking risks and trying new things.

2.4 Low-power distance versus high-power distance

American negotiators are the practitioners of the original Cowboy mentality, and an American company will usually send its negotiators into the field with an unusual amount of authority. However, Japanese negotiators in another way, meetings will be very formal and the company hierarchies will be observed. The person doing the most talking for the Japanese side will probably not be the person in charge of the negotiators.

Why such a big difference? This can be explained by “power distance” theory. Low-power distance countries, such as America, tend to be more individualistic in nature, and emphasizes all persons are equal and no person is superior to another. Managers are given power based on knowledge and expertise, rather than status or position alone. Japan, as a high-power distance country, emphasizes differentiated social status often based on age and seniority. High-power distance cultures tend to be collective in nature. That why negotiators with low status seek no decision-making role and look to directions from the upper.

2.5 Results versus relationship

In Japanese cultures, proper human relationships are considered as the basis of society. Building long-term relationships is the most important, especially in doing business. They believe that mutual interests and friendships should be paid much attention to in the negotiation process, so socialization, including small talks over tea and other entertainments during the beginning stage of negotiation is necessary.

Compared to the Japanese, American negotiators emphasize results or tasks over the relationships involved in negotiation. With the can-do spirit, Americans believe that man can set his objective, then act to realize it by changing the environment. Thus, Americans negotiate what specific things they can do and usually are driven by the tasks. Results, rather than relationships are paramount. They may spend five or ten minutes introducing each other and then are eager to get down to the issue under negotiation directly.

2.6 Time orientation

Edward Hall divide cultures into “monochronic” and “polychronic”.^[4] Monochronic time (linear) emphasizes schedules, segmentation, and promptness. Negotiators from this culture tend to do things one at a time. They want to make a deal quickly, then the next. Americans are of monochronic time perceptions in nature. Americans are driven by the clock. They live by schedules and deadline and thrive on being punctual for meeting and efficient in doing business. So American negotiators are known for their speed and strive for getting through the content of negotiation as efficiently as possible. Due to the deadlines, American negotiators tend to give away more than it should be just in order to finish the task in time.

While Japanese tend to be polychronic, Polychronic time (circular) stresses involvement of people and completion of transactions rather than adhere to a present schedule. Time is not limited. Not being hasty is a sign of wisdom and sincerity. They tend to do more than one thing at a time. The Japanese generally believe that enough time should be invested to building warm relationship before really starting the issue under negotiation. They view time as endless and they are long-term oriented. They are patient and do not run for the deadlines.

3 Conclusion

Cultural differences influence negotiation in many aspects, even before the face-to-face negotiation starts. A lack of understanding of the cultural factors playing in negotiation process can easily break down negotiations. To succeed in negotiation across borders, negotiators must take the time to sufficiently understand the culture of the other side and the approach that they are likely use.

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