

Discussion Questions

1. Discuss the challenges that are likely to arise in cross-cultural negotiations.
2. Describe the impact of Hofstede's five dimensions of cross-cultural differences.
3. Imagine your employer has asked you to handle contract negotiations with a supplier in Honduras. Describe the

- steps you would take to prepare for the negotiation and what your negotiating partner is likely to expect from you.
4. Describe the role of the relationship in cross-cultural negotiation and its variation among different cultures.

Ethical Dilemma⁴³—Take It or Leave It: This Is the Way We Do It Here

Michael Woodson, the CEO of a major college publishing company headquartered in the United States with three offices in major U.S. cities as well as a recent expansion in the United Kingdom, had been considering expanding his company's operations to India. According to his research, with one of the highest literacy rates in the world, a highly educated and moderately priced workforce, and burgeoning distribution channels for noncollege publications, India was the ideal location for the newest office. Following multiple conversations with Ranjit Singh, handpicked to be the operations manager of the proposed New Delhi office, Michael and his wife Anita (Vice President of Human Resources) made the twenty-one-hour trip to New Delhi.

At the start of their meeting, Ranjit corroborated Michael's research, and demonstrated a real eagerness to head operations in New Delhi. The three of them discussed the market, the labor needs, and even various real estate options. All the boxes—so to speak—were seemingly checked . . . except two. First, as Ranjit informed the Woodsons, it would not be possible for the Woodsons to own more than 49% of the New Delhi Office. By Indian law, no foreign national could own a majority stake in a local business. That, thought Michael, was an issue, but not an insurmountable one. However, the next "box" presented a real problem. As Ranjit described it, in order to get the process started and secure governmental approval, a handful of local, regional, and governmental officials would have to be paid off. These "payments," as described by Ranjit, were nonnegotiable. "This is how one does business in India."

Shocked and appalled, Anita and Michael couldn't believe what they were hearing. "You mean we have to bribe officials in order to bring new jobs, taxes, and revenue to your country? Surely, there must be another way. That's not how our company does business! Besides, once bribes are requested and received, when would it ever stop?"

Ranjit matter-of-factly explained the Indian ways of doing business, and even shared a few stories that demonstrated how failing to do so resulted in a failed (or stopped before it started) enterprise.

The Woodsons excused themselves from the meeting. "What are we going to do?" they asked each other.

Questions

1. Michael Woodson did his research before entering the negotiation; however, he missed a key issue. What steps could he have taken to avoid missing the ownership and bribery requirements prior to initiating the negotiation?
2. What choices do the Woodsons have at this point?
3. If they ended the negotiation at this point, what will likely happen? Why?
4. If you were Michael or Anita and chose to continue the negotiation, what would you say or do at this point? Why?
5. When ethical norms differ among the countries represented in a negotiation, which country's norms prevail? Explain.

Endnotes

1. Perlmutter, H. 1983, 1984. "More than 50% of international managers' time is spent in negotiating – in interpersonal transaction time influencing other managers." Statement made at the Academy of Management Meeting, August 1983, and at The Wharton School, 1984, as cited in Adler, N. J. *International Dimensions of Organizational Behavior*, 3rd ed. Cincinnati, OH: Southwestern College Publishing, 1997, p. 214.
2. Wanis-St. John, A. "Thinking Globally and Acting Locally" *Negotiation Journal* 19(4) (October 2003): 389.
3. Hofstede, G. *Cultures and Organizations: Software of the Mind*. Burr Ridge, IL: McGraw-Hill-Irwin, 1991.
4. It is also worth noting that a more recent and large scale research project, GLOBE (under the direction of Robert J.

House of Wharton) has identified nine cultural dimensions. They include: performance orientation, uncertainty avoidance, humane orientation, institutional collectivism, in-group collectivism, assertiveness, gender egalitarianism, future orientation, and power distance. For more information on the GLOBE framework and study, see R. J. House et al., *Culture, Leadership, and Organizations: The GLOBE Study of 62 Societies*, Thousand Oaks, CA: Sage Publications, 2004.

5. Hofstede, G. http://www.geert-hofstede.com/hofstede_dimensions.php, accessed September 14, 2009.
6. Foster, D. A. *Bargaining across Borders: How to Negotiate Business Successfully Anywhere in the World*. Burr Ridge, IL: McGraw-Hill, 1992.