

商务英语核心课程系列教材 丛书主编 何明霞

# BUSINESS

# 国际商务谈判

International Business Negotiation

王冠 邓俊 编著



WUHAN UNIVERSITY PRESS

武汉大学出版社

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## 序

根据商务部 2014 年调查,全国范围内,合格的国际经营管理人才(能熟练运用外语,熟悉国际贸易、投资、金融、管理多方面知识,了解和适应国外社会文化、习俗、政治法律制度,具有全球化视野,拥有跨国经营管理经验的复合型高级专业人才)严重短缺。

面对这一情况,我国众多高校开设了商务英语专业,针对社会用人单位对商务人才需求特点和要求,旨在培养英语基本功扎实,具有国际视野和人文素养,掌握语言学、经济学、管理学、法学(国际商法)等相关基础理论与知识,熟悉国际商务的通行规则和惯例,具备英语应用能力、商务实践能力、跨文化交流能力、思辨与创新能力、自主学习能力,能从事国际商务工作的复合型、应用型人才。

商务英语专业知识包括语言知识与技能、商务知识与技能、跨文化交际能力和人文素养四大模块:(1)语言知识与技能:要求学生掌握开展商务活动所必需的语言知识与技能;(2)商务知识与技能:要求学生掌握经济学、管理学和国际商法等相关学科的基本知识,在学习的过程中逐步培养其学科思维方式;(3)跨文化交际能力:要求学生具有国际视野,熟悉中外文化和对外交往礼仪,按照国际惯例从事国际商务活动,处理各种关系,用英语沟通和完成工作的能力;(4)人文素养:要求学生具备良好的政治思想素质、较强的创新意识和一定的创新能力,熟悉中外文化传统和其他相关知识。

要顺利实现上述目标,十分重要的任务是能够组编一套满足商务英语人才专业知识需求的商务类(双语)教材,既能传授相关商务理论知识,又能强调实际操作技能的培养。为此,我们组织了湖北地区相关大学专家和学者以《高等学校商务英语专业本科教学要求(试行)》为指导,编写一套专门针对高等院校商务英语专业核心课程的教材,试图从根本上解决教科书问题,为人才培养奠定扎实的基础。

但由于编写人员自身存在一些不足,在相关教材编写过程中难免出现一些问题,恳请广大读者提出宝贵意见,一并致谢。

丛书主编

2015 年 5 月于武汉

## Preface

Whether you like it or dislike it, you are a negotiator, for negotiation is a part of life and career. Today, conflict is becoming a growth industry and more and more occasions require negotiation. Although negotiation takes place every day, it is not easy to conduct well—to employ appropriate strategies and tactics to satisfy your needs and realize your targets—to gain enough or even get more.

Information on the science and art of negotiation is extremely lacking in many segments of society where we are living in, especially in China's educational system, which spends little time teaching how important negotiating skills will be in students' life and work. As a result, many graduates leave university or college knowing a great deal about arts, sciences, engineering, economics and many other subjects, but they have little or no knowledge and understanding of how to conduct a negotiation in a respectful, persuasive, and fruitful manner.

The acceleration of globalization requires professionals or would-be professionals to deal with their counterparts in host countries with different economic, cultural, legal, and political environments. Chances are that you may need to resolve a dispute with a buyer, finalize a counterproposal for your institution or enterprise, or even lead a multicultural team. Thus in a globalized market, few subjects are as critical and challenging as negotiating across cultural boundaries. When negotiators are from diverse cultures, they often rely on quite different assumptions about social interactions, economic interests, religious beliefs, and political realities. Consequently, culturally sensitive negotiating strategies and skills are crucial for managing in an international context.

Practical solution to global business negotiations has been prepared for all those who will negotiate globally. All the fundamental concepts, cases, models, and strategies included in this book are based on academic researches and supported by further study and consultation, and our own practical experience about thirty years as a university teacher, researcher, business interpreter, and negotiation practitioner. The book provides an insightful, readable, highly organized tour de force of both the conceptual and practical essentials of international business negotiation.

There is an old Chinese maxim about the difference between expert and non-expert knowledge—*The insider knows the ropes, while the outsider just comes along for*

*a ride.* — The professionals can make much better use of information to pursue opportunities or minimize risks. Negotiating is a lifelong course for us to learn. In business, successful negotiators usually get larger share in the redistribution of the profits. Those not skilled or less effective in negotiation will get less than they deserve. Surprisingly, it is often easier to better your negotiating tactics by simply “getting down to business”. To do this, you must acquire proven strategies and tactics as well as the latest techniques of dealing with the challenges and opportunities of today’s complex global alliances and quickly forming partnerships. At the same time, you must know how to navigate across national, organizational, and professional cultures at the negotiating table. This book will help you acquire knowledge and develop indispensable skills in today’s global business environment.

Cross-discipline theories provide bedrock for the architecture of cross-border business negotiation. We introduce both classical and the latest with the intention of knowing why-so. At the meantime, this book emphasizes the shrewd sense of reality at its core. Abundant cases and empirical analyses make readers feel how it will likely be at the international negotiating table. Good theories and genuine scenarios together, they inform you how to follow the rules and how to avoid common but fatal mistakes to optimize your goal. They improve you with the strategies and tactics that are keys to coping with objections, resolution conflict, breaking impasse, reaching consensus and succeeding in conducting business in a multicultural environment. They enrich you with the splendid and mysterious landmarks of cultural diversity and share human intelligence. They enhance you in the multicultural communication and negotiation competence with a capability of using the target language accurately and authentically, a by-product though. And finally, they implant you with the awareness of global ethics to behave in a manner of professional and profitable business negotiator with a pure and untouched soul.

With uncontrolled impulse, our first acknowledgements express our deep gratitude to our students who attend to our lectures, fulfill the research projects, finish the course design, and get a post in different trades. They keep informing us by all channels that they have benefited a lot from our supervision and coaching, both in work and in life. It is those “small talks” and feedback that generate the idea to write this book. Our gratitude is also dedicated to all whose ideas have helped us to design and shape this book over the years. Many concepts are grounded on the work of researchers and scholars and are intended as a tribute to those found in the sources and bibliography.

Coming back to the University again, we wish to acknowledge the support of a trainer and a friend, Professor Li Xiangkun from Hubei University, who patiently opened a door for us to the wonderland of negotiation about twenty years ago and his generosity in presenting us his books and other references collected in Australia when he was a

visiting scholar. We are thankful to our colleagues Professor He Mingxia and Professor He Kangmin from Hubei University of Economics, who have been extraordinarily gracious in supporting the project and providing help in numerous ways.

We owe a special word of thanks to the talented staff at Wuhan University Press for their role in shaping the book. Our editor, Xie Qunying furnished excellent advice on the structure of the book, and her suggestions in an author-friendly manner were very encouraging.

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# **Chapter 1**

## **Fundamentals of International Business Negotiation**

**“Start out with an ideal and end up with a deal.”**

**Karl H. Albrecht, 1920-2014**

### **Objectives:**

1. Understand the terminology and characteristics of negotiations of different types.
2. Consider the general principles that guide negotiation behaviors in various situations.
3. Investigate into the psychological perspectives important to the understanding of negotiators.
4. Gain an overview of the three-layer architecture of international business negotiation.
5. Explore how classical theories can be applied to the business negotiation situations.

### **Introduction**

From the second half of last century, one of the most outstanding developments has been the acceleration of internationalization or globalization of business (Acuff, 1993). Today companies of all size increasingly compete in global markets to seek growth and to maintain their competitive edge. This forces managers and/or executives to negotiate business deals in multicultural environments. The frequency of international business negotiation has increased rapidly in the past two decades (Weiss, 2006). In the computer age, technology simply has provided us with more venues through which to negotiate—e-mail, voice mail, fax, text messages, remote video, and more (Nierenberg and Calero, 2009). And for many businesspeople and organizations of international business negotiations with various levels and types have become a norm or a routine job (Zhang Xiang, 1995; Liwicki, et. al., 2014).

International business, also known as global business or cross-border business requires undertaking a variety of transactions. These transactions, whether they are goods or service, technical know-how or training, involve negotiations with one or more parties from different countries with different cultures on their mutual roles and obligations respectively. Negotiation is at the heart of every transaction and, for the most part, it comes down to the interaction between two sides with a common goal (profits) but divergent methods. These methods (the details of the contract) must be

negotiated to the satisfaction of both/all parties (Curry, 2009). It can be a very trying process with 2 C's: confrontation and concession.

While business negotiations have never been so easy tasks to accomplish in any domestic settings, they are especially tough and rough in global business contexts. Cross-border negotiation is a social process that is embedded in much larger context than domestic ones. This context increases in complexity when more than one culture or country is involved, making international business a highly complicated process (Sebenius, 2002a).

Many companies, large and small, from the emerging markets, the developing markets or other economies, have made the error of approaching foreign markets in much the same way that they would in their domestic markets. The belief that what worked at home will work elsewhere usually stems from the lack of knowledge and experience rather than from arrogance. The major reasons, most probably, lie in the ignorance of cultural diversity or cultural differences between parties involved, business environments in which parties operate differently, and different attitudes towards gender issues in global business negotiation settings (Cellich and Jain, 2013). This book provides readers with practical insights into international business negotiations, both introduction to the fundamental concepts of deal making, as well as know-how and expertise for deal making in multicultural environments.

This chapter introduces some basic theories, concepts, characteristics, principles, and architecture highlighting the nature of modern business negotiations. It also covers some key aspects important to the international business negotiation, including psychology, and negotiation situations.

## 1. The Nature of Negotiation

There are few things in life that are simpler in definition yet broader in scope than negotiating (Nierenberg and Calero, 2009). Before defining negotiation, let's first of all take a look at the scenario presented by Nierenberg (1987):

*"Recently two of my sons were squabbling over some apple pie, each insisting that he should have the larger slice. Neither would agree to an even split. So I suggested that one boy cut the pie any way he liked, and the other boy could choose the piece he wanted. This sounded fair to both of them, and they accepted. Each felt that he had gotten the square deal."*

**Case 1.1** *An Example of Negotiation Situation and Conflict Resolution* (Source: Gerard I. Nierenberg (1987). *Fundamentals of Negotiating*. New York: Harper Collins.)

This is a typical example of negotiation situation and a perfect model of conflict resolution—negotiations that have happened in the past and created consequences for the present, are in the process of happening, or are about to happen in the near future—which vividly illustrates and manifests the following natures of negotiation (See Figure 1.1):

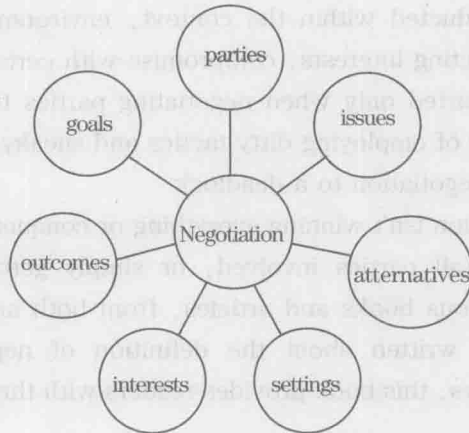


Figure 1.1 Major Elements of Negotiation

**1) Components:** All negotiations involve *parties* (persons or institutions with a common interest to deal with each other and/or one another), *issues* (one or more matters to be resolved), *alternatives* (choices available to negotiator on a particular issue; what you want and why you want it), *goals* (the aiming objectives), *settings* (the situations), *interests* (a negotiator's underlying needs), and an *outcomes* (the agreement or solution) All these elements should be identified and stated or understood clearly at the outset.

**2) Reasons and Purposes:** Negotiations occur for several reasons—either to agree on how to share or divide a limited resource, “The purpose of negotiation is to redistribute that potential.” as Curry (2009) put it, or to create something new that neither party could do on his/her own efforts, or to resolve a problem or dispute between the parties. Unfortunately, sometimes people fail to negotiate because they do not recognize that they are in a negotiation situation.

**3) Different Means:** Compared with other means of conflict resolution, negotiations have certain unique features.

\* Negotiation is an element of human behavior as well as a complex social process. Successful negotiation depends on proper understanding of psychological activities and effective and efficient communication.

\* Negotiation occurs only over issues that are “negotiable”, despite the folklore

belief of “Everything is negotiable”. There are conflicts that beyond the reach of the realm of negotiation. For instance, you can sell your car, but not your child (Nierenberg and Calero, 2009).

- \* Negotiation takes place only between people or parties who have the same or similar interest in 2 G's: giving and gaining. There is no such a thing as “take it or leave it” in business context. It all depends on the expertise of negotiators.

- \* Negotiation is conducted within the context, environment, and perspective of 4 C's: common but conflicting interests, compromise with certain criteria.

- \* Negotiation gets started only when negotiating parties trust each other to some extent. Any misdemeanor of employing dirty tactics and sneaky tricks could be detected and may probably bring negotiation to a deadlock.

- \* Successful negotiation isn't winning everything or conquering the other party, it is gaining *enough* for both/all parties involved, or simply getting *more* for any party (Diamond, 2010). Numerous books and articles, from both academic and practitioner perspectives, have been written about the definition of negotiation. From several important literature reviews, this book provides readers with three definitions of frequent citation diachronically.

- \* Negotiation is a form of decision making in which two or more parties talk with one another in an effort to resolve their opposing interests (Pruitt, 1981).

- \* Negotiation is defined as a process by which two or more parties reach agreement on matters of common interest (Cellich and Jain, 2013).

- \* Negotiation refers to win-win situations such as those that occur when parties are trying to find a mutually acceptable solution to a complex conflict (Liwicki et al., 2014).

Considering the necessity of being academically careful about how terminology is used and the objects of international variables under discussion, in this book we will use the term of “international business negotiation” as follow:

International business negotiation is a common cross-cultural human activity as well as a complex social process in which every party involved in an interested business activity talks to each other with the objective of satisfying one's own needs, reaching a final agreement and carrying it out through continuous and conscious efforts.

## 2. Characteristics of Negotiation Situations

Where there is a human interaction, there is a conflict. Negotiation is one of several mechanisms by which people can resolve conflicts. Whether it is a peace negotiation, a business negotiation, a salary negotiation, or a crisis negotiation, whether it is within a community, or in a cross-cultural context, negotiation situations of all kinds have

fundamentally the same or similar characteristics, several if not all. The description will start out from the characteristics of negotiation, followed by that of business negotiation, and ended in that of international business negotiation.

**1) Characteristics of Negotiation:** From the definitions offered earlier by Pruitt (1981), Cellich and Jain (2013), Liwicki et al., (2014), we can conclude that in any negotiation situations,

\* *There are two or more parties* —an interpersonal, intragroup, or intergroup process.

\* *There is a conflict of interest between two or more parties* —what one wants/needs is not necessarily what the other one wants/needs.

\* *The parties negotiate by choice* —The parties negotiate because they think they can use some form of influence to get a better deal that way than by simply taking what the other side will voluntarily give them or let them have.

\* *The parties volunteer to manage* —The parties prefer to search for agreement rather than to fight openly, have one side capitulate, permanently break off contact, or take their dispute to a higher authority to resolve it.

\* *The parties create something new* —When we negotiate, we expect “give-and-take”. Truly creative negotiations may not require compromise; instead the parties may invent a solution that meets the objectives of all sides.

\* *The parties manage matters and mind* —Successful negotiation involves the management of intangibles as well as the resolving of tangibles.

To put them in the simplest terms, negotiation is a mixture of 2 G’s—“giving” and “gaining” (mutual adjustment), a combination of 4 C’s—common but conflicting interests, collaborating and conflicting (interdependence with conflict), a unity of three perspectives—legally equal, fair in value but beneficially uneven (value claiming and value creation), and a woven of science and art (cross-discipline subject).

**2) Characteristics of Business Negotiation:** Besides the same fundamental characteristics of negotiation, business negotiation has some special features.

\* *Economic interests-orientated:* Business negotiation concentrates mainly on the economic interests compared with other forms of negotiation. The focus is on cost, efficiency, and profits. Whether it is a failure or a success depends largely on the portion of economic interest they gain in the deal. Any business negotiation without focus on it is of no value or meaningless.

\* *Price-centered:* There are many issues to be negotiated in a business negotiation. The needs and interests of one party may be diffused in the related items on the agenda, but this cannot prevent price from being the focus of negotiation simply because the rising or falling of the price reveals and gaining or losing of the interests. Of course canny professionals know how to “advance secretly by an unknown path” (Stratagem 8,



Thirty-six Stratagems).

\* *Effectiveness-oriented*: Effectiveness is the unity of efficiency and interests. Improving the efficiency is to lower cost; and lowering the cost is to increase interests.

\* *Above the breakeven point*: Conducting business negotiation has to observe the accounting law of keeping it above the breakeven point, a critical point (or a bottom line) for any party to run away from the business negotiation. It is suggested that negotiators should consider the perspectives and interests of both sides to keep the process going on.

**3) Characteristics of International Business Negotiation:** Apart from the characteristics of business negotiation at home, international business negotiation paints itself with some particularities.

\* *Influenced by national policy*: National policies on economy, politics and diplomacy may have strong impact on international business.

\* *Influenced by law and practice*: The transaction of international business crosses borders which leads to the move of assets abroad. The international business law, private law, and international unwritten practice are to be observed.

\* *Influenced by cultural differences*: It is much more complex and complicated to negotiate with people coming from a strange land with different value, thinking pattern, language, social behavior, and religion.

### 3. The Basic Principles of Negotiation

Business negotiation is the combination of science and art developed through study and practice. Effective negotiation requires an understanding of social, cultural, political, and economic systems, as well as expertise in technical, financial, accounting, and legal analysis. It is often interpreted as the use of common sense under pressure to achieve objectives. "Dancing with an elephant on shoulders", as is exaggerated. Shown in the following are some basic principles which are effective rules for negotiators to follow in the course of international business negotiation to reach an agreement. It is assumed that under the guidance of principles and rules, the dancers can tango more freely and creatively with fewer burdens.

\* *Mutual Gains Approach (MGA)*

\* *Mutual Trust Approach (MTA)*

\* *Cultural Tolerance Approach (CTA)*

\* *Equality goes first and sincerity foremost.*

\* *Keep it in 2 F's: flexibility and fluidity*

**1) Mutual Gains Approach (MGA)**: When conducting a business deal, whether it's a trade or an investment, one party will always arrive at negotiation table in a