

## 6.2: The Role of Ethics and National Culture

### Learning Objectives

1. Consider the role of ethics in negotiation.
2. Consider the role of national culture in negotiation.

### Ethics and Negotiations

Are hardball tactics OK to use? Sometimes a course of action is legal but is questionable in terms of ethics. A good rule of thumb is that hardball tactics should not be used because the negotiation is likely not to be the last time you will interact with the other party. Therefore, finding a way to make a deal that works for both sides is preferable. Otherwise, if you have the complete upper hand and use it to “destroy” the other party, it’s likely that at a future date the other party will have the upper hand and will use it to retaliate mercilessly against you. What’s more, your reputation as a negotiator will suffer. As J. Paul Getty said, “My father said: ‘You must never try to make all the money that’s in a deal. Let the other fellow make some money too, because if you have a reputation for always making all the money, you won’t have many deals.’”<sup>[1]</sup>

Ethics establish a way of doing what is right, fair, and honest. If your counterpart feels you are being unfair or dishonest, he or she is less likely to make any concessions—or even to negotiate with you in the first place.

Here are some tips for ethical negotiations:

- Be honest.
- Keep your promises.
- Follow the Platinum Rule. The Golden Rule tells us to treat others the way we want to be treated. Author Tony Alessandra goes a step further with the Platinum Rule: “Treat people the way they want to be treated.” Caring about others enough to treat them the way they want to be treated helps build long-term relationships based on ethics and trust (Stark & Flaherty, 2003).

### Negotiation Around the Globe

Not understanding cultural differences is another common mistake. Some cultures have a higher or lower threshold for conflict. For example, in countries such as Japan or Korea, the preference is for harmony (called *wa* in Japan) rather than overt conflict (Lebra, 1976). Americans and Germans have a much higher tolerance for conflict as a way of working through issues. In a study of Japanese, German, and American cultures, it was found that almost half of the preference for different conflict management styles was related to the country in which participants were raised (Tinsley, 1998).

In Japan, much like Pakistan, the tendency is not to trust what is heard from the other party until a strong relationship is formed. Similarly, in China, conversations start out with innocuous topics to set a mood of friendliness (U.S. Commerce Department, 2007). This differs a great deal from American negotiators who tend to like to “get down to business” and heavily weigh first offers as reference points that anchor the process as both sides make demands and later offers.

There are also differences in how individuals from different cultures use information and offers during the negotiation process. Observations show that Japanese negotiators tend to use offers as an information exchange process (Adair, Weingart, & Brett, 2007). Research has found that American negotiators tend to reveal more information than their Japanese counterparts (Adair, Okuma, & Brett, 2001). Japanese negotiators might learn little from a single offer, but patterns of offers over time are interpreted and factored into their negotiations. Since Japan is a high-context culture, information is learned from what is not said as well as from what is said.

Even the way that negotiations are viewed can differ across cultures. For example, the Western cultures tend to think of negotiations as a business activity rather than a social activity, but in other cultures, the first step in negotiations is to develop a trusting relationship. Negotiators in Brazil, for example, seriously damaged relationships when they tried to push negotiations to continue during the Carnival festival. “The local guys took that as a disrespectful action,” said Oscar Lopez, commercial director for Hexaprint, S.A. De C.V. in Mexico. “It took several weeks to restore confidence and move on” (Teague, 2006).

Also keep in mind what agreement means in different cultures. For example, in China, nodding of the head does not mean that the Chinese counterpart is agreeing to what you are proposing, merely that they are listening and following what you are saying. “Culturally, Chinese companies and workers do not like to say no,” says a buyer at a manufacturer based in the United States. Here’s how to overcome the problem. Instead of phrasing a question as, “Can you do this for us?” which would put the Chinese

official in an uncomfortable position of saying no (which they likely would not do), rephrase the question as, “How will you do this for us and when will it be done?” (Hannon, 2006)

## Key Takeaways

Being honest during negotiations, keeping your promises, and treating others as you would like to be treated all help you negotiate ethically. Not understanding the culture of a person or group of people you are negotiating with can be a major mistake. Try to learn as much as you can about the culture of others involved and be sure to clarify key points along the way. Also, keep in mind that agreement (e.g., nodding one’s head up and down or saying “yes, yes”) may not mean the same thing in all cultures.

## Exercises

1. Is the goal of negotiation to maximize your economic outcome at all costs? Why or why not? Is it ethical to do so?
2. What are some similarities and differences in conflict management preference and negotiation practices among different countries around the globe? Have you had any experiences with individuals from other cultures? If so, how did it go? How might it have gone better?

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