

Managing Cross-cultural International Negotiations: Japanese versus Slovenian firms

Abstract: This study examines the characteristics of the Japanese negotiation style in business-to-business and headquarter-subsidary relationship in Slovenia. It aims to identify successful negotiation styles used when negotiating with Japanese managers drawing on empirical evidence from Slovenians managers. In-depth semi-structured interviews are used to determine how cultural differences can be managed through appropriate negotiations. Research results show that Slovenian negotiators should be well prepared regarding a number of important issues that influence the negotiation process prior to engaging on negotiations with Japanese managers. In this regard, some important issues influencing the negotiation process were identified, such as the selection of negotiators, the protocol to be employed, communication, time, risk propensity, groups versus individuals orientation, nature of agreements, topics stressed, nature of persuasive arguments, the basis for trust and decision-making systems. All three stages of the negotiation process - pre-negotiation, negotiation and post-negotiation phase were investigated.

INTRODUCTION

In today's global world, managers do business in countries with diverse economic, cultural, legal and political environments. Few subjects are as critical as negotiating across cultural boundaries. Negotiation is especially important when establishing long-term business-to-business relationships (Ghuri, 2003). When negotiators are from different cultures, they have diverse perceptions of social interactions, economic interests and political realities (Cellich and Jain, 2004). As a result, international negotiations are much more complex and can be much more complicated than domestic negotiations. The cultural differences and diverse business practices are often the main reason why cross-border negotiations are difficult and have a tendency to break down (Lewicki et al., 2006). For this reason, culturally sensitive negotiating skills are necessary to be able to manage international setting. A number of studies, such as those of Hofstede, Usunier, Weiss, Stripp and Trompenaars to name but a few, have examined the cultural differences between various nations.

One of the major difficulties in any cross-cultural business negotiations is the difference in the expectations held by parties from different cultures (De Mattos et al., 2002). Regarding business with the 'inscrutable' Japanese, managing the dynamics of the negotiation process is almost always the greatest challenge for western managers (Graham and Sano, 1989). The Japanese negotiation and communication style seems most distinct and unique, especially because of strong influences arising from culture and history. According to Schmidt (1996), the Japanese attach a great importance to group harmony, stability, continuity and consensus decision-making, what also reflects in their negotiation strategy.

This paper examines the characteristics of the Japanese negotiation style in business-to-business and headquarter-subsidary relationship in Slovenia. It aims to identify successful negotiation styles with Japanese managers drawing on empirical evidence from Slovenians managers. The rise of international business cooperation and negotiation between Japan and Slovenia evinces the importance of this topic not only to Slovenian managers but also to all those practitioners doing business with Japanese firms. Academic literature which focuses on investigation of Japanese negotiation style is vast, but most of it is written from the American point of view. In this context, the purpose of the study is to examine the Japanese business characteristics from the Slovenian point of view in the practical domain and further compare with findings in the extant literature.

Japan is nowadays the second largest market in the world, which positions Japanese firms as important business partners. Furthermore, it is home for many of the world's leading companies. Japanese companies are usually very competitive in international markets. According to Alpert et al. (2001) one of the reasons for this fact is that the Japanese understand the Westerners better than the Westerners understand the Japanese. Consequently, it is vital for the companies, operating in the global market, to have sufficient knowledge about how to succeed in Japan. The Japanese market has very advanced technology developments, as well as a modern and relatively

transparent legal system, patent laws, financial markets and governance system (Isenberg, 2004). Therefore, a thorough preparation considering cultural differences and congruencies prior to doing business with Japanese companies should diminish the risks and highlight prospective opportunities.

The literature about buyer-supplier negotiations is extensive. However, the literature regarding the influence of cultural differences in the negotiation in business-to-business and headquarter-subsidary relationship seem to be fairly limited. Moreover, academic literature focusing on the Japanese negotiation style seems to be written mostly from the American point of view. One of the contributions of the study is to examine the Japanese business characteristics from the Slovenian point of view.

THEORETICAL BACKGROUND

International Business Negotiations

The word “negotiations” stems from the Roman word *negotiari*, which means “to carry on business” and is derived from the Latin root words *neg* (not) and *otium* (ease and leisure). It was already true for the ancient Romans as it is for most businesspersons of today that negotiations and business involves hard work (Hendon et al., 1996). A modern definition defines negotiation as a process by which two or more parties reach agreement on matters that are of mutual interest. A win-win situation is the main objective pursued by both parties. Consequently, several characteristics are common to all business negotiation situations (Lewicki et al., 2006, Cellich and Jain, 2004, Fowler, 1986, McCall and Warrington, 1989): (1) There are two or more parties. The negotiation as a process is considered to occur between individuals, within groups and between groups; (2) There are one or more issues to be resolved; (3) There are various positions, which define responses of the negotiator on a particular issue; (4) There is a conflict of needs and

desires between two or more parties, which then search for a way to resolve the conflict; (5) The parties negotiate by choice. This means that they negotiate in order to get a better deal with negotiating in comparison by simply accepting what the other side voluntarily gives them or lets them have; (6) A "give and take" process is expected, this means that both sides modify or move away from their opening statements, request or demands; (7) The parties prefer to negotiate and search for agreement rather than to fight openly, they prefer to invent their own solution for resolving the conflict; (8) Even if the outcome is not the one expected at first, each party must retain hope that an acceptable outcome can be reached; (9) Successful negotiation involves the management of tangibles such as the price, the terms of agreement as well as the resolution of intangibles, which are the underlying psychological motivations that directly or indirectly influence the parties during the negotiations.

Many different strategies can be pursued, however, most common are (Lewicki et al., 2003): (a) Integrative, in which an agreement that satisfies both parties is reached. It is designed to build and maintain a productive relationship with the other party while using a joint problem-solving approach (win-win game); (b) Distributive, in which both parties attempt to maximize their own benefits at the expense of the other party (win-lose negotiation or zero-sum game). According to Lewicki et al (2003) model the negotiator is required to determine the relative importance and priority of two dimensions, namely, the importance of the substantive outcome and the importance of the relational outcome. According to this model there are four types of initial strategies: competition, collaboration, avoidance and accommodation. On the one hand, a strong interest in achieving only substantive outcomes such as getting the deal, winning the negotiation with only little or no regard for the effect on the relationship supports a competitive (distributive, win-lose) strategy. The result is usually confrontation and the battle of wills between parties. In some certain cases, stubborn maintenance of a position may be justifiable, but it leaves little room

for cooperative approaches and a constructive solution to the conflict. On the other hand, a strong interest in achieving only the relationship outcomes such as building, preserving or enhancing a good relationship with the other party gives an accommodation strategy. It is the opposite of competition. It means that a party sacrifices its own interests in order to satisfy its opponent. Sometimes, this strategy is interpreted as a weakness. However, it should be pointed out that everything depends on the objective and the circumstantial details. If both substance as well as relationship are important, a collaborative (integrative, win-win) strategy is pursued. It represents an attempt to find a mutual solution that takes into account the interests of both parties. Using this strategy, a key goal is to satisfy at least some of the partners' wishes. This strategy creates mutual trust and far-sightedness. A compromise is likely when each party meets the other half way. The main purpose is to achieve the solution that is tolerably acceptable to both parties and is at least partially satisfactory to each of them. Using this strategy, parties neither give up everything nor do they get everything they want. Finally, if neither substantive outcomes nor an enhanced relationship is important, it is the best for the parties to avoid the negotiation. It is far better to walk away at the right moment than to experience disappointment later (Saner, 2003). The existences of the conflict as well as cooperation are two basic characteristics in a negotiation process. Ghauri (2003a) agrees on the fact that there is hardly any negotiation process where there isn't any conflict. Hence, parties have to find a solution on how to handle conflict and turn it to cooperation. According to Fisher, Ury and Patton (1992), it is of great importance for negotiating parties to understand the nature of interdependence between each other. Lewicki et al. (2006) argue that both parties can influence each other's outcomes and decisions. Further, Fischer et al. (1992) propose that each negotiator needs to understand both parties' BATNA (Best Alternative To a Negotiated Agreement) and should be aware of the fact that potential differences between teams may be crucial for reaching an agreement. BATNA is affected by several

elements such as alternatives, deadlines, interests, knowledge, experience, negotiator's resource, and resources of the other party. Any change in these elements is likely to change BATNA (Cellich and Jain, 2004). Hendon et al. (1996, p. 238) argue that "at the point when an agreement no longer benefits you, you must be able to walk away without a deal". Consequently, it is important to determine a point where it becomes preferable not to make a deal.

The negotiation process

In business negotiations within the same culture, the process is predictable and accurate as the negotiators do not have to be concerned with the challenges of language or cultural differences (Woo and Prud'homme, 1999). Simintiras and Thomas (1998) argue that behaviour in negotiation is consistent within cultures and each culture has its own distinctive negotiation style. However, according to Fisher (1988), international differences in thinking and reasoning about economic and business matters are not particularly significant. The assumption behind this is that business is business wherever it is conducted and that the culture of money and profits go beyond national and regional boundaries. However, Hofstede (1989) and Trompenaars (1993) among other important theorists, based on the extensive research among employees in multinationals, have shown that culture is crucial and that business is not an activity that cuts across cultural boundaries. They have proved that the process of doing business and managing management solutions are affected by cultural differences and are not so universal that they can be applied anywhere and under any circumstances (Li, 1999).

Cross cultural negotiations are not easy tasks (Ghauri 2003). Negotiators from different cultures are separated from each other not only by physical features and different language, but also by a different way of defining business goals, perceiving the world, expressing thinking and feeling and showing or hiding motivation and interests. Negotiating across borders almost certainly means having to cope with new and inconsistent information, usually accompanied by new

behaviour and social environments. In fact, the greater the cultural differences, the more likely barriers to communication and misunderstandings occur (Hendon et al., 1996). Potential problems that often occur during cross-cultural negotiations are according to Frank (1992) and Hendon et al., (1996, p. 241) as follows: (a) Insufficient understanding of different ways of thinking; (b) Insufficient attention to the necessity to save face; (c) Insufficient knowledge of the host country, including history, culture, government, status of business and image of foreigners; (d) Insufficient recognition of political or other criteria; (e) Insufficient recognition of the decision-making process; and (f) Insufficient understanding of the role of personal relations and personalities.

Certainly, the way to succeed in cross-cultural negotiations is to be aware of the differences rather than focusing on similarities between various nations and to prepare yourself how to cope with the distinctions. Hendon et al. (1996) argue that one should demonstrate interest in, respect for, knowledge of and appreciation of the other side's culture. Overall, negotiating is a social context that is embedded in a large context. This context even increases in complexity when there are more cultures involved, making negotiations a highly complicated process when it occurs across borders (Lewicki et al., 2003).

Different cultural systems create various negotiating styles, influenced by each nation's culture, history, political and legal system, ideology and geography to name but a few. Phatak and Habib (1996) suggest that both environmental and immediate context are critical when negotiating international business deals.

Culture and Cross-border Negotiations

Culture is according to Phatak and Habib (1996) part of the environmental context. Negotiators should be aware of the effects of cultural differences on negotiation process and adapt their negotiation strategy accordingly, or "When in Rome, do as the Romans do". Thus, following the

experiences of Graham (2003), the best way to learn how to behave appropriately in a foreign country is by letting yourself unconsciously imitate those with whom you interact frequently. However, Cellich and Jain (2004) point out that although some cultural differences are quite obvious, there are also others that are subtle and can surface in surprising ways.

Culture is defined as a set of shared and enduring meanings, values and beliefs that characterize national, ethnic or other groups and orient their behaviour (Hendon et al., 1996). It includes all learned behaviour and values that are transmitted through shared experience to an individual living within a society. It is commonly agreed that a culture must have the following four characteristics (Cellich and Jain, 2004), namely, (a) It is learned; people over time transmit the culture of their group from generation to generation; (b) It is interrelated; one part of the culture is deeply connected with another part; (c) It is shared; the tenets of the culture are accepted by most members of the group; (d) It changes over time, that is, it evolves in response to environmental needs and through the influence of outside forces.

Foster (1992), Hendon and Hendon (1990) and Weiss (1993) suggest that culture can influence global negotiations in several ways, including (1) the definition of negotiation, (2) the selection of negotiators, (3) protocol, (4) communication, (5) time, (6) risk propensity, (7) groups versus individuals and (8) the nature of agreements. The fundamental **definition of negotiation** is interpreted differently across cultures. For example, “Americans tend to view negotiating as a competitive process of offers and counteroffers, while the Japanese tend to view the negotiation as an opportunity for information-sharing” (Foster, 1992, p. 272). The criteria for the *selection of negotiators* vary across cultures. The criteria can include knowledge of the subject matter, seniority, family connections, gender, age, experience and status. Different cultures give different importance to these criteria, based on expectations about what is appropriate in different types of negotiations. For instance, in the Middle East, age, family connections, gender and status count

more. However, in the United States, knowledge of the subject matters, experience and status are given more weight. Cultures differ in the degree to which the *protocol* between the two negotiating parties is important. The United States is among the least formal societies, using a familiar communication style and addressing other people by their first name. France, Germany and England, on the other hand, are very formal and title conscious. The presentation of formal calling cards or business cards is normal protocol in China and Japan. Further, methods of greetings as well as dress codes are crucial. Cultures influence the *communication* process: how people communicate, both verbally and nonverbally. Language as part of culture consists not only of the spoken word, but also of symbolic communication of time, space, things, friendship and agreements. Nonverbal communication occurs through gestures, expressions and other body movements. There are differences in body language across cultures; in one culture, certain behaviour may be highly insulting and may be completely harmless in another. The importance of *time* differs from culture to culture. In Eastern cultures, time is fluid and goes on forever. Consequently, if delay occurs in negotiation, it does not matter. In the United States, people tend to respect time and should not be wasted. They like to begin negotiation on time, schedule discussions from hour to hour to complete the day's agenda and meet the deadline to close the negotiation. On the other hand, to Chinese and Latin Americans, time per se is not important. They rather focus on completing the task, regardless how long it takes. Cultures vary in their willingness to take *risk*. In high risk propensity cultures, negotiators are entrepreneurial and are willing to act and take risks even when they have incomplete information. However, risk avoidance cultures are more cautious and require a great deal of information before making decisions. Cultures differ according to whether they emphasize *the group or the individual*. In collectivist cultures, e.g. Japan, negotiation usually takes more time to complete because group agreement must be built. This is in contrast to the United States, where independence and

assertion are valued. Culture also has an important effect on concluding *agreements*. The Americans place emphasis on logic, formality and legality of the agreement. In other cultures, the deal depends on family and political connections and is not so important what you can do. The deal is generally not permanent and is subject to change as circumstances evolve. The differences in how to close an agreement and the nature of agreement can lead to confusion and misunderstandings between the cultures.

To conclude, it can be argued that no matter what the cultural differences are, there are also individual personalities that play a huge role in negotiating. This means that even though culture describes group-level characteristics, this does not mean that every member of a culture will share those characteristics equally (Avruch, 2000). Even more, Rubin and Sander (1991) share the view that there is likely to be as wide of variety of behavioural differences within cultures as there is between cultures. Ultimately, cultural differences count and most probably also always will (Graham, 2003).

The Japanese Negotiation style

According to Hofstede's dimensions, a comparison of coefficients for Japan and Slovenia was carried out (Table 1).

Table 1: Cultural dimension in Japan and Slovenia according to Hostede's study

Country	Power Distance	Uncertainty Avoidance	Individualism vs. Collectivism	Masculinity vs. Femininity
Japan	54	92	46	95
Slovenia	71	88	27	19

Source: Hofstede (2001), pp. 500-501.

Table 1 shows that Japan and Slovenia have only one comparable dimension (e.g., uncertainty avoidance) and quite different for the remaining dimensions. Relative to Slovenia, Japan scores very high in Masculinity and Uncertainty Avoidance, while the scores for Power Distance and Collectivism are not that expressive, but still quite high. However, I should point out that the scores reflect the people's perception in the era, when communism was closer to the mental view of Slovenians than it was capitalism. After 15 years of independency, when Slovenia has been practicing capitalism, the scores would be most probably different.

RESEARCH PROBLEM

The main objective of the study is to identify factors that influence Japanese – Slovenian business negotiations. Thus the following general research questions detail the objectives of the study:

What are the factors that influence the negotiation style in the Japanese – Slovenian relationship?

The current study investigates, on the Slovenian perspective, specific factors that influence negotiations with the Japanese. It aims to understand the key features of the Japanese negotiator and examines Japanese cultural characteristics, which determine the way the Japanese behave when negotiating. The study investigates problems that arise during negotiations and prevent the negotiators of reaching a mutual understanding and achieving the negotiation goals. The focus is made on business-to-business relationships as well as head office-subsidiary relationships between Japanese and Slovenian companies. The research design will be based on Hofstede's (1989) framework on cultural dimensions in international business as well as on other theorists' findings about intercultural characteristics such as Foster (1992), Hendon and Hendon (1990), and Weiss (1993). Japan was selected because of its economic power. It is second biggest market

in the world. Moreover, Japan was chosen because the way Japanese negotiators conduct business differs a great deal from the Western negotiation style.

METHODOLOGY AND DATA COLLECTION

The data were collected by means of face-to-face semi-structured interviews. Five interviews were carried out. Four Slovenian companies and one Japanese subsidiary in Slovenia participated on the interviews. Firms are from a number of industries such as steel, IT, heavy machinery, motoring and telecommunications. All respondents were Directors. The interviews were tape-recorded and took place in June/July 2006 in Slovenia. This was supplemented by hand-written notes during the interview. All interviews except the one in the Japanese subsidiary were conducted in Slovenian and then translated into English. The interview of the Director of the Japanese subsidiary was conducted in English. In average, each interview lasted 58 minutes (a total interview time of 290 minutes or approximately 5 hours).

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ANALYSIS AND FINDINGS

In this section the empirical findings are analysed in light of the literature and the factors that influence the negotiation process in business-to-business and headquarter-subsidary relationship between the Japanese and Slovenians are indicated.

Several differences as well as similarities appear between the characteristics of the Japanese negotiation style as described in the literature and the characteristics of the Japanese negotiation style based on the experiences of Slovenian managers when doing business with the Japanese.

Pre-Negotiation Phase

The evidence confirms the suggestion on the literature regarding the importance of the pre-negotiation phase when compared to the formal negotiations phase. Cross-cultural business negotiations are not easy tasks. Preparing the negotiation strategy ahead of time should increase the likelihood of success (Weiss 1994a & 1994b; Ghauri & Usunier 2003). Slovenian managers spend a considerable amount of time on preparation prior to the face-to-face negotiations. For instance, one of the interviewees affirmed that preparation takes 90% of the negotiation process time. Preparations include not only information gathering that are closely related to business such as analysis of the other party, market research, defining problems, strategies, tactics and BATNA, but it also includes getting the knowledge about the whole country such as history, political situation and above all cultural characteristics, which define the way how people behave. Attending seminars or consulting the available business literature are ways used by managers to gather information. Networking and building up relationships with Japanese counterparts is another way, and potentially could be a very efficient way. The respondents seem to have used most of the preparation variables, considered as essential by Lewicki, Saunders and Barry (1994) such as defining strategy, tactics, interests, goals, BATNA, consulting appropriate experts and analysing the opposite party. One justification for this long preparation time is the distance between cultures (see Hofstede dimensions in Table 1). All respondents agreed that the lack of knowledge about culture, history, politics and other country's features will influence the negotiation style and can lead to the failure in finding the mutual agreement. From the experiences of Slovenian managers I can conclude that the bigger the cultural distance among business partners, the more preparation is required.

Nevertheless, even though all the respondents prepared well for the face-to-face negotiations with the Japanese, there are still some unanticipated issues with the Japanese. For instance, a contract

in Japan does not mean the same as for Slovenians or in general for Europeans. Hence, never-ending negotiations can be very frustrating. Moreover, the Japanese silence at the negotiation table can also be unpleasant for the Slovenian party, who are used to go straight to the point and want to find an agreement as soon as possible. On the positive side, one of the respondents pointed out that sometimes the Japanese negotiators propose even a better offer than it would be expected, even though, according to the literature, they are regarded as being stubborn and tenacious negotiators. Another respondent further argues that even though the **hierarchy** in Japan is quite strict, it is still much easier and faster to approach the top management in comparison with continental Europe.

The Negotiation Phase

The analysis follows the items identified in the literature. Regarding the **definition of negotiations**, all Slovenian managers agree that the Japanese are aware of the importance of long-term orientation and therefore envisage a win-win situation. One of the explanations for this kind of behaviour is Foster's (1992) statement that the Japanese see negotiations as an opportunity for information-sharing. Hence, their goal is not to defeat the opposite party but instead try to build a long-term relation based on mutual benefits. Nevertheless, one of the respondents pointed out that recently some westernized Japanese managers want to get out of the negotiations as much as possible. Yet, it is not easy for them to survive in Japan, where tradition still plays a big role. However, when negotiating with the Japanese, Slovenian managers should bear in mind that it also depends on themselves what strategy will the Japanese side use as the strategy is usually influenced by various factors and motivations.

Regarding the **selection of negotiators**, in most of the negotiations attended by the respondents the Japanese negotiation team had a high number of members. This arises from the fact that the

Japanese have a collectivistic orientation. According to the Graham and Sano (1989), the main criteria in choosing individuals to participate at the negotiation table are gender, status, competence, experience, age and personal attributes. Four of the five interviewees argue that especially age and status lay an important role in Japan. In contrast, one interviewee stressed that the Japanese do not use any special criteria to select negotiators. However, all of them agreed that women in Japan are excluded from business and usually take over administrative matters. Hence, even though the internationalization and globalization have most recently brought in some changes, it is still not advisable for foreign teams to include women when negotiating with the Japanese (unless she is the CEO...).

Regarding *protocol* dimensions such as greetings, gift giving, location of the negotiation, were analysed. As for **greetings**, there are differences between the statements in the literature and the evidence of the respondents. For instance, contrary to the experience of the Slovenian managers interviewed, the literature states that the use of first name by the Japanese is an act of disrespect (Hendon et al., 1996). One of the interviewees has also experienced that his Japanese business partners preferred to be called by their first name in order to show that they are westernized. Hendon et al. (1996) also state that bowing is a custom in Japan. However, according to the experience of respondents, bowing with the Japanese is not usual as they prefer the foreigners to act according to their culture. This is supported by Abecasis-Phillips (1992, p. 3) when stating that "doing business with the Japanese is by doing it their way, that is as they wish but not as they do, because as a foreigner this will be nigh on impossible to achieve". However, all of the respondents agree that business cards and the way of giving and receiving them follows strict rules.

In the same way there are also strict rules for business **gift giving**. They are part of each business meetings and are treated as an important issue of the Japanese protocol. All of the interviewed Slovenian managers agree that gifts are a custom. However, their aim is to show respect and

attention; hence, they are only of symbolic value.

The **location of the negotiation** is also important. The literature suggests that the negotiation process in Japan is only carried out in the company offices. However, based on the interviews, it does not seem to be the case. Three Slovenian managers confirmed the literature statement about negotiating only in the offices, where conversations about private life do not take place. However, two of the interviewees argue that the location of the negotiation depends on the status of the Japanese business partners. The richer and the more powerful they are, the more often business talks take place in expensive restaurants. Hence, before starting negotiation process in Japan, Slovenian managers should gather information about the status of the Japanese partners and prepare strategies and tactics suitable for this kind of negotiations, which certainly differs from each other a lot.

Most of the respondents as well as the literature agree that the main reason for attending **social gatherings** is not to engage in business, but instead the purpose is to get to know business partners better and to establish personal relationships. This has an indirect, but important influence on formal negotiations. Further, it is an opportunity to get to know your business partner's friends and acquaintances, which is also the basis for further cooperation. At this occasion, it is discussed about everything, except business. Sometimes, the Japanese might even start asking personal questions that may be embarrassing for the Western partners. However, only two of the interviewees have experienced official business dinners, where the main purpose is to discuss strictly business. Others have negotiated in the offices.

According to the International **Corruption** Perceptions Index 2005 (Graf-Lambsdorff, 2006), Japan is ranked on the 21st place among 159 countries that have been surveyed for their corruption, which means that it is one of the least corrupted countries in the world. The latter confirm also all the interviewees. However, all of them also agree that there might be corruption,

but in their business they have not experienced it. Beside, one respondent stresses that business gifts and expensive dinners should not be treated as corruption, but as a part of the Japanese business protocol.

Regarding **communication** the non-verbal communication and use of “no” were analysed. **An** indirect and vague way of communication is common among Japanese negotiators. All of the respondents agree that the Japanese body language communication reveals crucial information if you learn how to understand it. Hence, for the successful business it is not enough to be aware only of the business matters, but one should as well learn how to recognize concealed signs of the opposite party. Another factor that often causes problems in the communication with the Japanese is that they rarely say "no" and consequently leave the opposite party in a constant uncertainty, which can be quite frustrating. Surprisingly, one interviewed manager does not complain about it and even asserts that according to his experiences, the Japanese always say "no" if necessary. Therefore, it can be concluded that Slovenian managers should not always expect the ordinary behaviour, but should also be prepared for the unexpected.

There is an insurmountable difference between the Slovenian and the Japanese **language**. Hence, the literature states that good **interpreters** can guide in terms of cultural sensitivity issues as well as they help with translation and interpretation of both verbal and non-verbal communication (Wilkinson and Young, 2005). Nevertheless, even though the theory supports the use of interpreters, none of the Slovenian managers use interpreters or cultural experts by negotiating with the Japanese. They all agree that the Japanese managers, who have the responsibility to negotiate internationally, know English. Furthermore, they are convinced that it is better to communicate in bad English than to use interpreters, who can miss the main point and cause a business failure. One interviewee also mentions that cultural experts are not appreciated from the Japanese side as this means that the Japanese negotiators cannot talk to each other in Japanese

during the negotiation process as in this case the other side would know about their tactics and plans. However, there is also a language advantage for Slovenian managers as it is unlikely that any Japanese negotiator would know the Slovenian language.

The Japanese managers take in general more **time** for negotiations than Slovenian managers are used to, which reflects the literature with regard to the Japanese taking time to develop strong relationships and emphasizing end results no matter how long the process takes to get there (Graham, 2003). However, the length of the negotiation process depends as well on the role the Japanese are playing. One interviewee argues that in case, when the Japanese negotiators need something urgently, they give big concessions and want to finish negotiations as soon as possible. Hence, before starting negotiations with the Japanese, Slovenian managers should be aware of how necessary the offered product is for the Japanese.

According to Hofstede's (2001) cultural dimensions, the Japanese show one of the most risk avoidance behaviours, because of the fact that the unexpected can destroy the harmony (Hendon et al., 1996). Three of the interviewed Slovenian managers agreed with the literature. However, two of them argue that nowadays in business one cannot avoid taking risk, but the Japanese at least try to minimize it with a good preparation.

Group orientation is one of the most obvious cultural behaviours of the Japanese. This is supported by the literature and by Slovenian managers interviewed. The latter collectively agreed that the Japanese build on consensus by the whole group and do not express their individualistic demands. Contrary to this, Slovenian culture is individualistically oriented. People are more self-motivated and take the decisions on their own.

It is well rooted in the Japanese culture that once a person do something wrong and "looses face", it is difficult or close to impossible to earn back a good name. Hence, in order not to make a wrong decision, they would ask many questions and consult with all parties involved before

making the final decision. Also my interviewees agree that the Japanese do not show clear signals about their decision till the end.

As the Japanese culture is **collectivistic** orientated, the issue that they stress the most in the business is relationship building, which should be based on trust and friendship. All respondents experienced this cultural behaviour when doing business in Japan. However, one of the interviewees points out that there is still business that is on the first place by the Japanese and only afterwards it comes to the relationship building.

The issue about the nature of persuasive arguments triggers various opinions by Slovenian managers. Some of them argue that the Japanese partners are very stubborn and unapproachable, especially when they are buyers. Some foreigners see them as experts in building all kinds of answers. The Japanese partners often prefer to come up with indirect arguments and avoid criticisms in public as this can cause someone "loosing face". However, one of the interviewed Slovenian managers has different experiences. He points out that the Japanese partners always try to understand the opposite party, which can be even more costly for them in the short run, but brings benefits in the long run. Hence, Slovenian managers should be aware of the fact that with a right strategy and an adequate persuasion, they can achieve a lot by the Japanese business partners.

The majority of the interviewees point out that the Japanese are suspicious about the foreigners at least at the beginning of the mutual cooperation before they get to know them. Hence, knowing an important Japanese person, who guarantees for you, opens almost every door. All of the interviewees strongly agree that this factor helps a foreigner by entering the Japanese market and getting new businesses. This is because the Japanese build their **relationships** on trust and if they respect the person who guarantees for you then they will trust you as well. However, the contacts are not easy to find, unless being an employee in a Japanese subsidiary. This confirms fourth

interviewee - a manager in Toyota Adria, Ltd., who has never had difficulties to make contacts even with the highest managers in Toyota Corporation. An interesting argument adds one interviewee, who argues that it is helpful to know the right person but he points out that recently the situation in Japan has changed and the quality of the provided offer supersedes the importance of the contacts.

As the Japanese are collectivistic orientated, they always seek consensus among the whole negotiating team. There are always more persons responsible for the final decisions. Hence, all of the interviewees have experienced that before accepting the final decision, the Japanese spend a considerable amount of time on thinking and checking the idea. They want to be sure that everything matches in order not to lose their face.

Post-Negotiation Phase

The post-negotiation phase applies to agreement on final decision and signing a contract. Hendon et al. (1996) argue that in Japan contracts are short, loosely written and regarded as the beginning of an adaptive process rather than the end. Hence, suggesting it is not unusual that changes or clarifications occur after a contract is signed. Japanese negotiators rely more on trust between parties than on the possibility of legally enforcing a contract. However, the answers from the respondents on this topic are not unified. While three of them confirm the literature statements, two of them disagreed and stated that a signed contract is completed and that there are no further negotiations after agreeing on the final decision. This means that the mentioned characteristics about the Japanese negotiators did not appear with all Slovenian managers participating in the research.

Nevertheless, they all agree that the Japanese prefer to settle problems through re-negotiations rather than using arbitration as this would be a sign of distrust and embarrassment. Hence,

Slovenian managers can expect additional discussions in case of misunderstandings, but it is atypical to go to court in order to settle a dispute.

CONCLUSIONS AND IMPLICATIONS FOR RESEARCH AND PRACTICE

The Japanese negotiation and communication style seems to be most distinct and unique, especially because of strong and various influences arising from culture and history. The study shows that differences in culture alongside differences of verbal and non-verbal communication are major obstacles in communication and negotiation process between the Japanese and Slovenians. They are influential in all three stages of the negotiation process - pre-negotiation, negotiation and post-negotiation phase.

In the **pre-negotiation stage** there is a major need for preparation to understand the other negotiation party's culture and expected behaviour. The awareness of the other side's culture allows a negotiator to understand, communicate and anticipate actions more efficiently. This includes not only reading about the history and customs of the country, but also discussing with people, who already have experiences in dealing with citizens of that specific foreign country. Hence, a good international negotiator understands the national negotiating style of those on the opposite side of the negotiating table, accepts and respects their cultural beliefs, is conscious of their mannerisms and how they may be viewed by the other side. Once differences are understood, negotiators should seek ways of accommodating them. Some islands of cultural commonality should be found and enjoyed together (Hendon et al., 1996).

Not much has been written about the Japanese negotiation characteristics from Slovenian point of view. Hence, with this research I aim to increase the understanding of how the knowledge and awareness of cultural differences enhance mutual benefits of the parties involved in a partnership or negotiation process. The rise of international business cooperation and negotiation between

Japan and Slovenia attributes to the importance of this topic not only in Slovenia but also in the global environment. Therefore, this study provides the features of the Japanese negotiation style when dealing with Slovenian companies which intend to collaborate with the Japanese. The study reveals that there are some difficulties for Slovenian managers in understanding their Japanese counterparts. The respondents expressed this in their discussion about negative and positive experiences in doing business with the Japanese. Consequently, they provide some ideas for the Slovenian fellows how to overcome the initial problems. However, I want to point out that the ideas delivered in the managerial implications part, are general. Therefore, it might be inappropriate to use them in every case.

Contribution to theory

This study has implications for research on international business communication and negotiation regarding the role of culture and language on the negotiation process. In cross-border negotiations, the importance of culture is prominent. It influences the negotiation style in the way how people behave, how they perceive the outer world and what tactics and strategies they will use. Not much has been written about Japanese negotiations from the Slovenian perspective. The contribution to knowledge of this study is to further the understanding of how one may derive mutual benefits in cross-cultural negotiations through the knowledge and awareness of cultural differences. By investigating the negotiation behaviour of Slovenians and Japanese, the study aims to add to the body of knowledge of international business negotiations.

Recommendations to practitioners and governments

When doing business internationally, knowledge about the other party is crucial. This does not only mean to be aware of the cultural differences, but also to know how to deal with the differences and to be aware of the general nation's characteristics as well. Managers should know that "you never have a second chance to make the first impression". Hence, if one makes a

mistake during the first meeting, he certainly gives a wrong impression. Slovenian managers can learn about the Japanese culture and business by attending intercultural negotiation training programs that focus on the business culture of the opposite party. However, this kind of training might also be disadvantageous, because the negotiators may make wrong assumptions about their counterparts' culture. Thus, negotiators should not only be trained on the business practices of the counterpart, but also on how to use this knowledge to their benefit (Li, 1999). In this way, they can better understand how to conduct complex negotiations. Even more, they may learn which elements most strongly affect outcomes, which ones to target to influence their partner's behaviour, which influences can be modified and how individuals, groups and organizations can achieve better outcomes (Weiss, 1993).

Last but not least, whilst doing business with the Japanese patience and long-term orientation should always be kept in mind. One should wait for the right moment to conduct a business deal. It might take long for the right opportunity to arrive, but it is important to “wait at the door” and be prepared to go in when the opportunity emerges.

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