

# Negotiation report flashcard



**ASSIGN  
BUSTER**

Introduction Korea has been in a state of chaos for some time. They have survived many times of turmoil, such as the Korean War in 1950 that lasted until 1953. The ending of this war did not settle the civil dispute. There are many contradicting areas in Korea that effect business, for example, communist vs.

anti communist, religious and non religious, idealist and collectivist, and those that are willing to work each other. Also Korea has a fear of doing business with Japan. Japans market is considerable larger than their and they worry that if business is done with Japan they would be overshadowed. This lack of interest to do business with Japan is also due to historical influences in Korea's past Negotiation is a crucial aspect of all interorganizational relationships.

No matter if it is a strategic alliance, joint venture, merger, acquisition, or just a sale of a product and a service, negotiation is a part that one cannot due without. As the section of international to domestic trade increases, so does the occurrence of business negotiations among people from different countries and cultures. Negotiation is a process in which at least one individual tries to persuade another individual to change his or her ideas or behaviors. And our groups focus is an investigation into negotiating orientations and behaviors of South Korea in comparison to that of the US.

Basic Concept of Negotiation Process Distributive versus Integrative In the twelve dimensions of cross-cultural negotiations, we first start off by looking at the general model, in which consists of two components. The first component which is the basic concept of the negotiation process includes

two aspects, distributive and integrative. In the distributive perspective, negotiators “believe that there will be one winner and one loser,” and in order to do so, the negotiator needs to establish a kind of dominance in the negotiation process. Negotiators with these characteristics display a strong sense of individual concerns, and they have little interest or concern for others. Negotiators with an integrative perspective on the other hand believe that “mutually beneficial solutions can be generated. Integrative negotiators tend to take a problem solving approach in order to better exchange information, where they can focus on the different interests of both parties to find a common ground, and effective solution.

South Koreans lie on the high end of the integrative perspective. They share their information about their own interests, but also seek to obtain information about the other party's interests. During a negotiation, both party's react to each other's arguments until both negotiators reach an agreement. Most Significant Type of Issue Task-Based versus Relationship-Based Contacts and personal relationships are very important, since South Koreans tend to be suspicious of people whom they do not know or those with whom they do not have mutual contact. Koreans want to do business with people whom they have formed a personal connection with or whereby a mutual mediator, friend or acquaintance has made an introduction.

Drinking is often the introduction to any business negotiation done in South Korea. Some South Korean businesspeople often believe that they will get to know a business partner far better after having a few drinks. They also use drinking locations to resolve a sensitive problem or to close a difficult business deal. In order to establish a more personal relationship, South

Koreans may ask extremely personal questions regarding their counterpart's age, salary, education, religion, and family life.

If individuals feel uncomfortable and don't want to answer, the appropriate course of action would be to remain polite but try to gracefully sidestep the questions asked. In most cases, South Koreans make these inquiries because they think that they can establish a relationship by finding common denominators. These questions may also be asked in order to determine their counterpart's status, which means everything in the South Korean culture. For the age/status conscious Koreans, it is important to guess and know the approximate age or relative status of their counterparts. When a negotiation in South Korea finally takes place, personal relationships usually take priority over business.

Often, the first meeting is used in getting to know their counterpart and to establish a bond. When served a cup of tea or a cup of coffee at the beginning of the meeting, these are usually accepted as an offering of hospitality even though the individual may have had several cups already. They aren't required to drink it all, but drinking some would show a sign of respect. In South Korea, an individual should always keep a formal appearance as long as their counterpart does, and should refrain from appearing overly friendly.

Giving gifts to acquire favors or to build relationships is also a common practice in a business setting in South Korea. Good gifts for a first trip may include office items with the representing company's logo or something that is commemorative of their home region, but shouldn't be items made in

undeveloped countries, unless they are cultural icons or souvenirs. It is also very common to be invited out after business hours to a restaurant or bar where there will be a lot of alcohol served. If a person doesn't enjoy drinking, they can gently ask their host where and to what kind of place they are going. They can choose not to join them by giving valid reasons.

For South Koreans, informal outings are an important part of establishing and judging the character of the other person. Also, a person should be aware that comments and promises made on these occasions can be taken seriously afterwards. A respectful, lasting connection is the basis for a successful business relationship in South Korea. To solidify this rapport, it is important that a person remains sincere and honest in their business dealings.

Keeping in touch after the meeting is also very important. Selection of Negotiators Abilities versus Status In South Korea, the status of the individual is more important than their abilities. For example, when entering a group meeting, the senior member of the party should enter the room first, then the next highest ranking person, and so on. Moreover, the South Koreans will be seated according to their rank and guests must seat appropriately with their counterparts. Another aspect of their status culture involves gifts. When gifts are given to several people within a South Korean organization, a gift of greater value must be given to the senior representative.

The gifts given to that person's subordinates may be similar, as long as they are of lesser value than the one given to their superior. An alternative

measure may be giving a gift that the whole team can enjoy. Since people are judged according to their status in South Korea, their status should be emphasized on a business card. This gives the recipient an idea of that individual's job responsibility and assists him or her in determining the amount of decision-making authority they have. Most importantly, knowing an individual's status assists a person's contact in matching with a person who is of a similar rank. When selecting a negotiation team, an effort should be made to find out who will be the participants in the South Korean delegation.

Then, it must be ensured that the people chosen to represent a country match the rank of the South Korean members. A mismatch may prove to be embarrassing to both sides. Sending a senior representative can be perceived as a sign of serious interest and commitment. In South Korea, presidents, supervisors and managers tend to have more power over their subordinates than they might have in a similar Western organization. It is so embedded, that it very difficult for a Korean to criticize or go against what his or her senior thinks or wants. Consequently, subordinates have little choice, but to follow their seniors' instructions.

Furthermore, depending on the corporate culture, some may have more egalitarian relationships. Presidents, especially those in larger organizations, typically assign responsibility. When introduced to people occupying high positions in South Korea, they will sometimes know little about the particular project, and will refer an individual to the appropriate person. Presidents and supervisors will often trust dependable subordinates, so it is important not to offend or ignore the lower ranks. Individual's Aspirations Individual versus

Community South Korea is a collectivist culture, so the group, rather than the individual, succeeds. Loyalty to family and friends is very important.

There is strong feeling of interdependency among the members of the group. South Koreans tend to think in “group terms” rather than “individual terms” for two reasons: Confucianism and patriotism. Therefore, it may be helpful to argue for group benefits in order to close a deal. South Korean negotiators tend to incorporate structures and the concept of family into their negotiating style. That is, in the traditional family, the father is the unquestioned authority with almost absolute power.

The father bears the full responsibility for the welfare and future of the family. Similarly, South Korean negotiators employ a strong authoritarian style in order to obtain the greatest benefit for their community, while still seeking the advice of other group members. South Korea still observes the Confucian ethics based on a strong belonging to the group. You could say that they often think in group terms. In other words, what is in the best interest of the group or how can harmony within the group be maintained. Hence, the majority of South Koreans are intensely patriotic, calling South Korea by the term, “oo-ri-na-ra,” meaning our country.

Therefore, with that in mind, the benefits to the group, whether it is to the company or country, should be persuasively put forth in order to close a business deal.

**Internal Decision-Making Process Independent versus Consensus**

In South Korea, decisions are made with the consensus of the group, with deference given to the oldest or senior member. The senior member takes the initiative in making the decision, but they consult

extensively with the other group members. What is more impressive is that the decisions are based more on emotion and concern for the harmony of the group rather than just cold bottom-line calculations.

Since a consensus is important, there are usually lengthy discussions before decisions are made. As result, South Korean business negotiations will usually take longer when compared to Western cultures, so patience will be necessary. Orientation Toward Time Monochronic versus Polychronic After taking a look at the role of the individual, we now need to look at interaction dispositions during a negotiation. The three components in this section, orientation toward time, risk-taking propensity, and basis of trust all contribute to the dispositions of interaction during a negotiation. In the orientation toward time component two aspects stand out for comparison, monochronic and polychronic.

Since the orientation toward time dimension refers to the value each party places on time, in monochronic cultures people pay attention to and handle tasks one at a time. And in polychronic cultures people also do schedule appointments but they will “ complete a task or conclude a meeting even if it is necessary to go beyond time originally set aside for that particular task. ” South Korean negotiators come from more of a polychronic culture. They place greater emphasis on personal interaction than on keeping to a schedule. They probably feel that time is never wasted, because taking time to know their counterparts and building a relationship is an important task. Risk-Taking Propensity Risk Averse versus Risk Tolerant The second component in the dispositions of interaction is risk-taking propensity.



This refers to negotiators' willingness to take risks. In this component there are two dimensions as well, risk-averse and risk tolerant. Risk-averse negotiators will take steps to avoid the risk of failing to come to an agreement, and risk tolerant negotiators adopt a perspective that there is a level of acceptable risk that should be taken in a negotiation. Risk tolerant negotiators show greater willingness to run the risk of failing to come to an agreement by making fewer concessions or by demanding more.

South Korean negotiators tend to be on the risk-averse side, because they may be more likely to make concessions in order to avoid the risk of failing to come to an agreement. They may also “ accept lower rewards for a higher probability of success. ” Basis of Trust External to the Parties versus Internal to the Relationship The last component in the dispositions of interaction is the basis of trust. Trust is “ one party's belief that the other party will take action to honor agreements that have been reached. ” In this case there are two aspects of this trust, one external to the parties, and the other is internal to the relationship. In the external to the parties situation, negotiators trust the other party because a contract has been negotiated and agreed to, which can be litigated and enforced.

And in the internal to the relationship situation, negotiators trust the other party because they have invested in a relationship that has been built up over time and they believe that the other party is committed to it. The South Korean negotiators lie on the high end of the internal to the relationship aspect, because like most other Asian countries, relationships between parties are what matters the most. Negotiators expect that the other party will consider unique and changing written circumstances over the life of the

relationship, and they think that a trust worthy partner is one who strives to maintain the relationship possible by modifying an existing contact to reflect new developments. Concern with Protocol Informal vs. Formal The process of negotiating with another culture is one of the most important factors in a successful transaction. If there is not enough research, and a company decides to enter a venture blindfolded it could be disastrous.

There are roughly five steps involved in the negotiating process, preparation, relationship building, exchanging task-related information, persuasion, and finally an agreement. These are not necessarily a set order and they are often intertwined with one another. Also involved in these segments are concerns with protocol, style of communication, nature of persuasion, and the type of agreement. Over the course of the next few pages the negotiation process will be discussed in-depth about dealing with South Korean affiliates. South Koreans are informal dealing with business situations and concentrate on relationship building.

They prefer to develop a relationship with their business associates. They also expect to continue the relationship after negotiation is finished. This also means that it may take more time to actually begin business. Dinner, lunch, tea, alcoholic beverages and night life, such as Karaoke, are possible social events that could be used as means of getting to know your business affiliate or for further negotiation.

Korean men often compete with drinking; it is not uncommon for a friend to be holding up another friend due to intoxication. It is also an insult if someone buys a drink and it is not accepted. This socializing creates trust in

a new business partner and although informal, it allows for a smoother negotiation process. After a few socializing events, business meetings are still informal.

When the meeting begins tea is served and then after small talk, negotiation commences. Then through out the meeting smoke breaks may occur regularly, since a majority of the people in South Korea smoke. According to Executive Planet. com, “ Let’s make a deal-Part 1”, “ During negotiations, some Koreans will jump from one topic to another, rather than following the agenda.

Similar questions may be asked on numerous occasions by different negotiators”. This is how South Koreans gather their information. They are informal, and do not have a linear time frame. They like for a question to be answer immediately after it has entered their head. They are not concerned with getting off track or continuing a meeting to another date.

South Koreans are also occasionally late for appointments. This is not uncommon in there culture. It is understood that traffic or a personal inconvenience has developed and they will be at the appointment shortly.

Style of Communication Low-Context vs.

High Context Communication is not simply relaying an idea. In South Korea people are higher context than Americans. High context means that, “ feelings and thoughts are not explicitly expressed; instead, one has to read between the lines and interpret meaning from one’s general understanding” (Managing across boarder, p. 137).

Communication has many different faces, such as verbal and nonverbal. In South Korea the nonverbal plays a much higher role in communication than does the verbal information on its own. Nonverbal consist of kenesic behavior, proxemics, paralanguage and object language. A list of nonverbal communication is listed below (Managing across borders, p.

136) ? Facial expressions ? Body posture ? Gestures with hands, arms, head, ect. ? Interpersonal distance ? Touching, body contact ? Eye contact ? Clothing, cosmetics, hairstyle, jewelry ? Paralanguage (voice pitch and inflections, rate of speech, and silence ? Color symbolism ? Attitude toward time and the use of time in business and social interactions ? Food symbolism and social use of meals Kenesic behavior is a person's body language, which include the first half of the list above, except for interpersonal distance. A hand shake is an example of kenesic behavior. In South Korea it is a custom to shake with your right hand and support your forearm of your right hand with your left.

However the handshake should be week, a strong handshake would seem aggressive. Other forms of kenesic behavior of South Koreans are, passing food with both hands to an elder out of respect, not crossing your legs in front of an authority figure, and keeping the soles of your shoes faced downward. This form of communication plays a large role in negotiating with this culture. Everyone needs to feel respected. Interpersonal distance is a form of proxemics. It is how much space we put between ourselves and another person, and how we space out our environments.

South Koreans are a low contact culture; they would rather have more space between themselves and another. According to the Executive planet. com South Koreans do not have offices. It is an open atmosphere and instead of knocking on a door to announce your arrival, a cough, or clearing your thought is used to make the other person aware you need their attention. Paralanguage is interpreting how something is said, the speed, tone, and mood of the person saying. Take for instance someone telling you a simple no.

Saying it quickly and laughing can be taken unserious. However pausing, and then saying it slowly could be interpreted as uncertainty. According to the Executive Planet . com, “ Sucking in air through your teeth is one way to signal a definite answer of ‘ no’ ” or “ A lukewarm response such as ‘ maybe’ accompanied by squinting of eyes or tipping the head back may also be used to express a ‘ no’ answer ”. (Executive Planet. com, Let’s make a deal-part 3).

Lastly Object language is the type of clothing you were, colors and possibly how your business card is designed. Color can be very symbolic and mean many different things; white for example is generally interpreted as pure, and serene. Red on the other hand can mean, anger, or sensuality. Nature of Persuasion Factual-Inductive vs. Affective The type of persuasion used is an element in the negotiation process that needs to be understood thoroughly.

This is also a mixture of communication, and protocol. It is important that a solid relationship has been established and trust in your associate has been created. With out this negotiation will be difficult. It is where the most

planning needs to be made. South Korea is an affective society, meaning they make decisions emotionally, not deductively.

This could mean emotional outburst, or frustrated non-verbal communication. They think collectively as apposed to individually. According to The guide to cross-cultural success, Doing Business Internationally, Inhwa, “ is a key factor influencing South Korean business behavior, Inhwa stresses harmony by linking people of unequal rank, prestige and power through reciprocal and mutually beneficial system of loyalty. ”(The guide to cross-cultural success, Doing Business Internationally, p. 269).

So persuasion not only needs to push concern for the company, but push concern for Koreans as a family. Other forms of persuasion are gift giving. This is appropriate as long as economic consideration is not overlooked. If an expensive gift is given to someone of lesser economic status, that person would not be able to reciprocate the same value of that gift. This would cause that person to lose face.

According to Executive Planet. com, “ Saving face, is an important concept to understand. In South Korean business culture, a person’s reputation and social standing rests on this concept”. Executive Planet. com, Let’s make a deal –part 2).

This is the same concept of pride in the United States. Form of Agreement Explicit Contract vs. Implicit Agreement South Koreans make implicit agreements. Even if a contract has been signed this does not mean that negotiation is over. This is often a sign that they are willing to further negotiate.

According to a book called, Learning to think Korean, signing a contract, “usually takes the form of trying to get you to ease up on conditions to which only their reluctant consent was given before signing. It does no good to remind him that he has already agreed to that condition and signed his name to it”. (Learning to think Korean, p. 159) The process of coming to an agreement intertwines all of what we have talked about, communication, relationships, protocol, planning, and persuasion. Overall it takes lots of time and patience to come to a finalized agreement.

Recommendations for an American Manager Negotiating effectively cross-culturally is one of the single most important global business skills. Global negotiations contain all of the complexity of domestic negotiations, with the added dimensions of cultural diversity. There are some drastic differences between American and Korean negotiation orientations and behaviors. And after seeing the twelve dimensions of cross cultural negotiations on South Korean, some recommendations should be made to an American negotiator who would have to consider before going into a negotiation. Although South Koreans are informal with protocol be sure not to insult them by being too informal or formal. When you are out socializing do not decline a drink, be it tea, coffee, or an alcoholic beverage.

This would be taken as an insult. It is appropriate to continue drinking until the senior or highest ranked person has decided they are finished. If you do not drink alcoholic beverages, explain this, but still participate in the socializing. If you are a woman in the South Korean culture it is inappropriate to drink heavily.

In addition even though it is expectable for a Korean to be a little late it is not for a guest, make sure to schedule ample time to get where you are going. Always be aware of your non verbal language. In the United States we cross our legs, have strong handshakes, and blow our noses where ever we are. All of these are insults in the Korean culture.

Americans can sometimes seem very direct and almost cold toned. Be aware of this, it will only cause negativity amongst your Korean associates. Remain patient, South Koreans like to take there time. They have a completely different thinking process. Americans think about the end result.

South Koreans dissect every aspect of a situation individually before thinking about the end result. By showing frustration, it will cause an adverse affect. It will only create more issues to discuss further and analyze. In dealing with Asian negotiators, knowledge of cultural differences is very important.

Although they said that “ knowledge of the Korean culture and language is imperative to success” (“ Business”). For example, the attitudes towards law and sanctity of the contract are different between Westerners and Koreans. In the Western view, contract “ sets out duties and responsibilities for each side and is supposedly sacrosanct” (“ Business”). Although in Korea view, the contract is considered “ an organic document which can change as conditions evolve” (“ Business”). So American negotiators should have this concept already in mind before going into a negotiation with Korean negotiators.

Another example of culture differences is in the use of “ expensive gifts and lavish entertainment” as a part of business practice in South Korea. When



American negotiators first arrive in Korea, the Korean counterparts might invite them to dinners; take them to a night out, etc. But what American negotiators should take in mind is that this is not a kind of bribery, but rather just how South Koreans do business and build relationships. Work Cited Business & Social Etiquette, 24-Apr-2003 21: 36, 29-Apr-2004, [http://www.craxycolour.com/os/southkorea\\_02.shtml](http://www.craxycolour.com/os/southkorea_02.shtml)

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