

Panama – negotiation style essay sample



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Panama, officially the Republic of Panama, is the southernmost country of Central America. The capital is Panama City. Panama population is about 3.6 million people. Explored and settled by the Spanish in the 16th century, Panama broke with Spain in 1821 and joined a union of Nueva Granada, Ecuador, and Venezuela, named the Republic of Gran Colombia. When Gran Colombia dissolved in 1831, Panama and Nueva Granada remained joined. Nueva Granada later became the Republic of Colombia. With the backing of the United States, Panama seceded from Colombia in 1903, allowing the Panama Canal to be built by the U. S. Army Corps of Engineers between 1904 and 1914. In 1977, an agreement was signed for the complete transfer of the Canal from the United States to Panama by the end of the 20th century. Panama's inhabitants are mainly mestizos (mix of African, indigenous, and European ancestry), who represent 70 percent of the population. The rest of the population is made up of 6 percent Amerindian, 14 percent Amerindian and mixed, and 10 percent white. Spanish is the official language, but some citizens speak English or various indigenous languages.

Panama's business culture has been influenced by its long history with the United States, as well as many South American traditions. Differences of culture and class created by Panama's history impact its overall culture and its business culture, as well. In general, Panamanians value personal relationships and loyalty over individual needs and desires in the business context. Business visitors may notice many contradictions in the Panamanian business style. For example, while most Panamanians are very friendly and warm, and take the time to get to know their future business partners before

getting into business discussions, most meetings and introductions will be very formal and will follow a strict sense of hierarchy.

Titles and rank are very important to Panamanians, and it's important that business visitors respect this aspect of the business culture. Also, while some Panamanians will conduct negotiations and make decisions as quickly as Western visitors are accustomed to, many will arrive to meetings late, and will allow a wide variety of interruptions throughout discussions. As a whole, most Panamanians will be very interested in getting to know the foreign visitor before the business relationship can be established. In Panama, a person's reputation is very important, and if you break a promise, the business relationship may be irrefutably damaged. Therefore, business visitors should make the personal relationship a top priority. Bargainer

Characteristics

- * Focused on relationship building.
- * Relationship building has a greater value than time.
- * Small talk about nonbusiness topics such as family and sports in order to get to know the business visitor on a personal level.
- * Business and personal relationships are valued more than contract terms in Panama.
- * They like their surname and titles to be used specially in the first contact.
- * Most Panamanians are very friendly and warm.
- * Interpersonal orientation.
- * Listening ability.

Situational Factors

- * Power Distance - Panama is a hierarchical society. This means that people accept a hierarchical order in which everybody has a place and which needs no further justification. Hierarchy in an organization is seen as reflecting inherent inequalities.
- * Individualism - Panama is considered a collectivistic society. This is manifest in a close long-term commitment to the member 'group', be that a family, extended family, or extended relationships. Loyalty in a collectivist culture is paramount, and over-rides most other societal rules and regulations. The society fosters strong relationships where everyone takes responsibility for fellow members of their group.
- * Masculinity/Femininity - Panama is considered a relatively feminine society. In feminine countries the focus is on "working in order to live", managers strive for consensus, people value equality, solidarity and quality in their working lives. Conflicts are resolved by compromise and negotiation. Focus is on well-being.
- * Uncertainty Avoidance - Panama has a high preference for avoiding uncertainty. Countries exhibiting high uncertainty avoidance maintain rigid codes of belief and behavior and are intolerant of unorthodox behavior and ideas. In these cultures there is an emotional need for rules (even if the rules never seem to work).
- * Icebreaker - Panamanians spent 20 - 30 minutes in this activity.
- * Communicating Styles - The business communication style in Panama is typically formal and indirect, especially at the beginning of business

relationships. This means that most Panamanians rely upon many nonverbal communication clues, so visitors should be aware of their body language, as well as their own communication styles. Most Panamanians are very nonconfrontational, and will go out of their way to avoid having to say “ no”. For example, when a Panamanian says, “ I’ll have to think about it,” or “ We’ll see,” he or she may really mean “ no.” Panamanians typically use polite, diplomatic speech to convey negative news or information, and the business visitor should emulate this, as well. Always allow your Panamanian counterpart to save face, and try to use indirect speech, rather than direct communication.

* High context country - Panama is a high context culture, many things are left unsaid, letting the culture explain. Words and word choice are very important, few words can communicate a complex message very effectively to an in-group (but less effectively outside that group), Negotiation Process

Since Panama has become a business hub for Latin America we can find accommodative, distributive and integrative processes. Panamanians are focused more in relationship building, so they tend to use more accommodative and integrative processes of negotiation.

Negotiation Outcomes

Knowing the Panama culture we would expect that normally Panamanians are focus on integrative and long-term outcomes. Although this may be true is important to remember also that preparation is key in every negotiation, so trying to discover the possible outcomes and interests independently of

general culture and expected negotiation processes must be in order to make better deals.

Bibliography

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