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CROSS-CULTURAL BUSINESS NEGOTIATIONS

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ABSTRACT

This is a cross-cultural negotiating exercise dealing with an international business situation in which a moderate size producer of hand tools (International Tool, Inc.) is considering a foreign direct investment in a small developing country (Mora). The exercise attempts to limit the negotiation to three issues -- staffing with local or home country managers, technology transfer to the host country, and profit repatriation to the home country. In a classroom setting it is ideal if you have a small group of or 3 students from developing countries play the country representatives and a similar set of students from developed countries act as company negotiators. The realistic issues in the case permit one to observe the culturally based negotiating styles of each group and to compare and contrast them in class discussion following the simulation. Persons participating in the exercise need sufficient time (at least a week in advance) to prepare their strategy and positions.

To assist in the preparation and administration of the simulation several pieces of information are included:

(1) "instructions for administering" the exercise;

(2) a "situation sheet" describing the simulation, procedures, constraints, and requirements; (3) "role descriptions" for the Commerce Minister of Mora and the Director of International Development for ITI; (4) "background information" on both the country and the company; (5) pre-established values of various outcomes for both the company and country; (6) an "outcome summary"; (7) an 'agreement' summarizing the agreed-upon outcomes, and (8) both an individual and a group "feed-back" survey

Initial use of the exercise indicates that students find it realistic, interesting, and fun. if given enough time to prepare for it and to debrief it. I make the apparent focus of the exercise the negotiating issues and outcomes, hut after the fact make it clear that it was simply a situation for observing and discussing culturally-determined negotiating styles. There is also a 90-minute video, which we produced to accompany the exercise, which focuses on cultural errors and misunderstandings in negotiating across cultures. The video uses both "good" and 'had vignettes of a negotiation between Americans and negotiators in Saudi Arabia, Brazil, China, Japan, Germany and Italy.