A COMPARISON OF THAILAND AND GERMANY IN NEGOTIATION STYLES

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To have effective cross-cultural negotiation, parties should be aware and understand the distinctions of each negotiation style preferred to employ by negotiators from different cultures during the negotiation process. Increased numbers of German business expansion in Thailand require the attention of Thai business to understand the cultural differences when dealing businesses with Germans, and vice versa. As the manifestation of business transaction between Thais and Germans extensively mounts, negotiations are important for business success. In order to effectively negotiate with business people from different cultures, preparation is a vital key for business success. However, the research on Germans’ and Thais’ preference for negotiation styles is scant. Therefore, the purpose of this study was to examine preference for negotiation styles of Thais and Germans, and also compared the difference on preference for negotiation styles between Thais and Germans. Data were collected in two different settings both in Thailand and Germany using ROCI-II developed by Rahim as the instrument for data collection. The result of t-test analysis showed a significant difference in preference for collaborating style, compromising style, and avoiding style. The future research should be conducted the replication study by increasing the number of samples.

Keywords: Negotiation, Cross-cultural negotiation, Negotiation styles, Thailand, Germany.

Introduction

Globalization has extensively increased opportunities of doing business across national borders in different world regions leading to borderless competitiveness in the business world. Today’s companies have been involved in the emergence of globalization, regardless of company size including small companies that do the business locally or internationally. A borderless world reflects diversity and cultural differences in how people think and perceive, and these distinctions affect interactions of those from different countries and regions. Rising globalization has influenced increases in the degree of face-to-face negotiation between members of different cultures (Gerorge, Jones, & Gozalez, 1998). Cultural qualities are enduring traits that persist while doing business (Cellich & Jain, 2004). However, it is important for negotiators to recognize cross-cultural differences, and how best to these differences during negotiation situations.

The emphasis on studying the consequences of cultural difference on negotiation style has steadily grown (Chang, 2002). In recent years, the focus on differences in negotiations between western and eastern countries has been continued to rise. The comparison between the United States and China, which are the first and second largest economies by nominal GDP has been the
most frequently reported comparisons (Buttery & Leung, 1998; Chang, 2002; Palich, Carini, & Livingstone, 2002). Katz (2006) noted that the primary purpose of negotiation in western business is to make the deal with less concerns on the business engagement process with negotiation frequently considered insignificant. In contrast, eastern business deems negotiation as the way of building relationships, and generating long-term business partners, even if the particular items being negotiated appear irrelevant. Based on this notion, the emphasis on the cultural difference of preference for negotiation styles between western and eastern countries has increasingly been analyzed. However, studies frequently focus on the U.S., China, and Japan, and cross cultural study of differences on negotiation styles preference of other large countries’ economies needs to be explored.

Puturaumporn (2001) suggested that a more comparative study contrasting Western and Thai socio-cultural traits should be focused to enable not only Thais, but also Western negotiators to better understand Thai negotiating styles. In particular, the research on differences on negotiating styles between individuals of Thailand and Germany, which was ranked the fourth of largest economics countries is rarely examined. Additionally, research indicated that individuals from different culture apply distinctive negotiating approaches because of their perceptions of the decision-making situation that are stipulated by uniqueness of the national culture from which they come (Gerorge, Jones, & Gozalez, 1998). Thus, it is beneficial to people in both countries to learn and better understand the differences on their negotiating styles in order to effectively negotiate with one another. With the diverse cultural background of individuals while interfacing, parties should be aware and learn how to negotiate effectively when having the interaction as different national cultures have distinctive negotiation styles preference.

The Cultural Dimension

Culture includes “all learned behaviours and values that are transmitted through shared experience to an individual living within the society” (Cellich & Jain, 2004, p. 23). The common characteristics of culture encompass three characteristics: it is learned, interrelated, and shared. However, culture is not static; it gradually evolves, and changes over time. As culture is intangible, insidious, and complicated for people from diverse background to understand, one way for business people in different regions can comprehend local cultures and cope with them effectively is to understand differences in social value (Daft, 2006). Research done by Greet Hofstede in 1980 on 116,000 IBM employees in 40 countries discovered four essential dimensions of national value systems, which later became widely recognized by the research on differences among various culture, that influence working relationships in the organization. Various comparative studies of human behaviours from different cultures frequently utilize the four dimensions of socio-cultural dimension (Boonsathorn, 2007). These four dimensions include:

1. Power distance: This dimension indicates the degree to which individuals accept inequality in power distribution among organizations and people. Thailand was one of the countries that value high power distance, which means people in this country admit unequal power distribution in an organization. Germany had the lower score in power distance than Thailand, which means that German cannot accept the inequality in power. In the negotiation
process, decisions are made by a senior member who is respected by younger members in the team (Haruthai & Fredric, 2006)

2. Uncertainty avoidance: The extent to which members of society are uncomfortable and intolerant for uncertainty and ambiguity, and causing support for beliefs that promise certainty and consistency. Thailand was fallen in the low uncertainty avoidance, which means people can tolerate in the unclear, unstructured, and unknown situation.

3. Individualism and collectivism: Individualism reflects a value for relatively loose social structure in which individuals are expected to be self-consciousness. Collectivism, on the other hand, demonstrates the preference for a tightly bind social structure in which individuals take care of one another, and organizations look after the members’ interests. Thailand was collectivist value country whereas Germany was ranked in moderate level of individualism. Thais are more group oriented, and avoid direct confrontation (Haruthai & Fredric, 2006).

4. Masculinity/ femininity: Masculinity is a cultural preference for accomplishment, heroism, assertiveness, occupation orientation, and material success. Femininity is a cultural preference for relationships, cooperation, group decision making, and quality of life. According to Hofstede, Germany was considered as a strong masculine country compared to Thailand. Thais place more emphasis on feelings and relationships, saving and giving faces than westerners (Haruthai & Fredric, 2006).

Culture and Negotiation

Lewicki, Saunders, Barry, and Minton (2004) stated that examining culture in the cross cultural negotiation is the most frequently research area. Research showed that people from different cultures are likely to negotiate distinctively (Graham & Mintu-Wimsatt, 1998). Cellich and Join (2004) noted that differences on culture can significantly influence in business negotiation. The key effects of culture on cross cultural negotiation are definition of negotiation, negotiators selection, protocol, communication, time, risk propensity, groups versus individuals, and nature of agreement. Based on these major factors, these can lead people from different culture to understand the foundation process of negotiation distinctively. Also, there is also evidence that preference for conflict resolution as used to equivalence to measure negotiating styles differed across cultures (Tinsley, 1998).

Based on cultural dimensions of Hofstede, individualism/collectivism dimension is one of the most fascinating dimensions that has been studied extensively to compare the cultural differences of people from across borders. Individualism indicates the degree to which people in one specific country learn to act as individualist rather than collectivist. People from individualistic societies are self-centered and less likely the need of dependency. They search for their own interests’ fulfilment rather than group’s interests. On the other hand, people from collectivistic society are likely to lesser their own interests to work toward the group interests. They are interdependent on each other and look for mutual accommodation to retain group agreement. Some cultures highly value individualism whereas others focus on collectivism. According to Hofstede (1991), the emphasis on relationships in collectivism plays a vital role in negotiations because negotiation with the same party can carry on for years, changing negotiators may change the relationships. In contrast, the focus on individualism is important consideration when selecting negotiators.
Chang (2002) used dual concern model of conflict resolution to examine the cultural differences focusing on individualism-collectivism, between American and Chinese. The results showed that withdrawal and consultation style preferences were differentiated by culture whereas competition style preference was differentiated by individualism, and culture combined with individualism distinguished a preference for consultation style. Ma (2007) demonstrated how individualism/collectivism influenced preference for conflict resolution styles as indicators of behavioral pattern in business negotiation. Findings indicated that Canadians preferred a more compromising approach, and demonstrated a high level of distributiveness whereas Chinese use a more avoiding approach, and show a high level of integrativeness during business negotiation simulations.

The pattern of German negotiating behavior is unique and different from Americans, other Europeans, and Asians because Germans have their own history, philosophy, and way of perceiving the world (Smyser, 2003). Thus, preparation before negotiating with Germans is an essential key for success. In business, it is important for the negotiators from other countries to know the kind of German they are dealing with. There are two kinds of German negotiators including new kind and old kind of German business negotiators. When dealing with old kind of German negotiators, the emphasis of negotiation should be placed on value, steady income, conservative practices, and good long-term prospects. On the other hand, the new kind of German negotiators, as influenced by the MBA culture, reflects their growing wish to make more profits for their shareholders than in the past. They are likely to take more risks and move quickly (Smyser, 2003). German negotiators enter a negotiation with the expectation of the positive consequence. They want to accomplish both the best possible deal and a relationship. As a result, negotiating with Germans should not look for win-lose outcomes or a zero-sum game. The concentration of negotiation should be focused on the terms of an agreement. Looking for win-win outcomes is needed when negotiating with Germans (Smyser, 2003). This means that most of German negotiators prefer to deal with negotiators from other countries by using collaborating style.

**Dual Concern Model and Negotiating Styles**

Blake & Mouton (1985) developed the dual concern model of conflict resolution theory. This model is based on managerial grid, and places the focus on two facets of leadership, which are task orientation and employee orientation. The dual concern model matrix comprises of five leadership styles: laissez-faire management, the country club management style, the task management style, the team management style, and middle-of-road management (Blake & Mouton, 1985). In the conflict resolution, two dimensions are used to determine the degree of assertiveness and cooperativeness, which roughly link to Hofstede’s individualism and collectivism concepts. According to Blake & Mouton (1985), conflict resolution strategies can be classified to five different types: withdrawing, accommodating, collaborating, consulting, and competing.

1. Competition involves high assertiveness and low uncooperativeness: An individual reaches his or her own concerns at the expense of others. An individual pay less attention on others’ interest because he or she only focuses on own goals or interests. This is a power-oriented mode in which one tries to do everything in his or her power base that seems proper enough
to achieve one’s own position: one’s ability to argue, one’s rank, or economic sanctions. Competing means standing up for one’s rights, defending a point which one believes is correct or only attempting to prevail.

2. Accommodation involves low assertiveness and high cooperativeness: It is the total contrary of competing. When accommodating, the individual ignores his or her own concerns to satisfy the concerns of others; there is a part of altruism in this mode. Pattern and form of accommodating can be taken as selfless generosity or charity, obeying another person’s order when one would prefer not to, or yielding to another’s perspective.

3. Withdrawal reflects low assertiveness and low cooperativeness: The individual neither reaches his or her own concerns nor the others’ concerns. The individual believes that this kind of action will help avoid dealing with the conflict. The person usually feels comfortable only in a non-threatening condition. Diplomatically sidestepping an issue, putting off an issue until an appropriate time or simple avoiding from a threatening circumstance are taken as withdrawing forms.

4. Collaboration is both highly assertive and highly cooperative: This style is completely opposite to withdrawing. The individual tries to work with the other to seek the solutions that mutually fulfil concerns of both sides. Exploring the underlying needs and wants of two parties is the vital key of this style. Collaboration from both parties needs the willingness to learn from each other’s perspective and understand each party’s viewpoint to create solutions that mutually satisfy both parties.

5. Consultation focuses on low assertive confidence and high cooperation: The goal of consultation is yielding. Consultant or third party will get involved and intervene in the conflict.

Idrus, Amer, and Utomo (2010) explored the negotiation styles of people in Malaysian construction industry. They aimed to identify the difference of negotiation styles in construction industry, and determine the most dominant style among the professionals. The researchers used conflict model developed by Rahim as the fundamental to study the distinctive negotiating styles of Malaysian professionals in construction industry. The five different negotiating styles include collaborating, competing, accommodating, compromising, and avoiding. The instrument called ROCI-II (Rahim Organizational Conflict Inventory-II) was used to develop the questionnaire to measure the negotiation styles. This questionnaire contained 28-item that was modified to fit the construction context. The finding showed that the most dominant style for negotiation in Malaysian construction industry is collaborating. Gordon (2008) explained the differences of instruments used to measure conflict style (negotiation) based on Dual Conflict Model in her study. The favourable model developed by Blake and Mouton measures a preferred conflict style from a leader’s viewpoint where the style choice showed the preference toward concern for employees or a concern for task completion. On the other hand, the model of Thomas and Kilmann (as cited in Chang, 2011) measured the preference from individuals’ perspective where style choice either demonstrated assertive behavior or cooperative behavior. Gordon addressed that two models had major limitation which measured and learned something about an individual’s behavior without including environment in which he or she is working. To overcome this limitation, Rahim (2001) designed the instrument called the ROCI-II, which is able to help examine hierarchical organizational conflict among people. Many scholars claimed that people have a preferred conflict management style, but the most frequently used style of people in different environment contexts can be varied depending on cultural differences and
backgrounds. Therefore, seeking the preferred negotiating styles of people from different countries by using conflict management styles as indicators of behavioural patterns is strongly acknowledged.

**Hypotheses of the Study**

**H1:** There is a significant difference in preference for collaborating negotiation style between Thais and Germans.

**H2:** There is a significant difference in preference for competing negotiation style between Thais and Germans.

**H3:** There is a significant difference in preference for accommodating negotiation style between Thais and Germans.

**H4:** There is a significant difference in preference for compromising negotiation style between Thais and Germans.

**H5:** There is a significant difference in preference for avoiding negotiation style between Thais and Germans.

**Methodology**

Data were collected in two different settings both in Thailand and Germany. Questionnaires were purposively distributed to Thai MBA students and German students. Participants consisted of a total of 45 students from FHWS University, Germany and 76 MBA students from Rajamagala University of Technology Phra Nakon, Thailand. Totally, 121 participants were involved in this study. After the distribution of questionnaire, there were only 119 complete questionnaires returned. There are two versions of the instrument in terms of language differences. The original version is an English version, which is used for German students who can read and understand English well. The original version is translated to Thai version, which uses the reverse translation to ensure the content validity of the instrument. The psychometric properties of this instrument have been scrutinized in numerous studies. The evidence provided broad confirmation for the validity and reliability of this instrument. The reliabilities and factor structures designated that the 28-item scale of ROCI-II psychometric properties when it was initially used in the original study. In this study, there were two versions of the modified 28-item of ROCI-II including Thai and English versions. Coefficient Cronbach’s alpha of the modified 28-item of ROCI-II (English version) was 0.63. According to Nunnally (1978), Cronbach’s alpha of 0.6 was sufficient to be acceptable value for data collection. The modified of ROCI-II was translated into Thai language used in this study was found Cronbach’s alpha score of 0.82, which was considered to be acceptable value for research purpose.

**Results and Discussions**

Personal factors of sample respondents showed that the Thai sample was predominantly female (82.9%), and the German sample was mostly female (65.1%). The majority of Thai sample age was 20-30 (53.9%), whereas all of German sample age was 20-30 (100%). For marital status, the largest group of Thai respondents was single (80.3%), which is as same as German respondents
as the finding indicated that most of German respondents were single (97.7%). For occupation, the majority of Thai respondent was government officer and corporate employee with the equal amount of percentage (31.6%) while most of German respondent worked as other occupations (81.4%).

For preference on negotiation styles, research found that the most dominant negotiation style of Thais and Germans was the same, which was collaborating style. Also, Thais and Germans had the same second most preference on negotiation style, which was compromising style. The rest preferences on negotiation styles of Thai were avoiding, accommodating, and competing, respectively. Whereas the rest preferences on negotiation styles of Germans were accommodating, competing, and avoiding, respectively. According to Cellich and Jain (2004), each negotiator applies a certain negotiation style depending on his/her cultural background, professional responsibilities, and contexts. The finding was supported this statement since most of respondents, both Thais and Germans, were female, which might want to maintain the relationships (collaborating style) and place more emphasis on feelings. This also supported the findings of Amanatullah’s study (as cited in Thomas & Thomas, 2008), which indicated that women were more reluctant than men to use explicitly competitive tactics in negotiation for themselves. However, this finding was inconsistent with Boonsathorn’s study (2007), which found that Thais preferred avoiding and obliging (accommodating) styles when having the interaction with westerners. In addition, according to Hofstede (as cited in Daft, 2006), Germans was considered as a strong masculine, which preferred for accomplishment, heroism, assertiveness, occupation orientation, and material success compared to Thais. Also, Hofstede found that Germans were individualist value whereas Thais were collectivist value. This finding was inconsistent with findings in this study, which indicated that both Thais and Germans placed emphasis on collaborating style as the dominant style of negotiation style preference. This might be because all of Thai and German respondents in this study were students who were majoring in business and had been taught the concepts and theories relating conflict management and negotiation so that they had realized the benefits of win-win outcomes, which reflects from collaborating style. On the other hand, the finding was consistent with the study of Ulijn, Lincke, and Wynstra (2004), which demonstrated that German negotiators are more cooperative in the operations management context than in the innovation management context. Also, this finding supported Smyser (2003) who indicated that most of German negotiators prefer to deal with negotiators from other countries by using collaborating style.

Analysis of t-test revealed that Thai scored significantly higher in collaborating style ($t = 4.563, p \leq .01$), compromising style ($t = 5.498, p \leq .01$), and avoiding style ($t = 4.111, p \leq .01$). However, the t-test results showed no significant difference in competing style and accommodating style between Thais and Germans. In this study, there were five hypotheses needed to be tested as follows (see Table 1):
Table 1. Comparison of the Mean Scores for Negotiation Styles Preference According to Nationality: Independent t-tests (n=119).

<table>
<thead>
<tr>
<th>Negotiation Styles</th>
<th>Nationality</th>
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<th>P Value</th>
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<tbody>
<tr>
<td></td>
<td>Thais (n = 76)</td>
<td>Germans (n = 43)</td>
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<td></td>
<td>Mean</td>
<td>S.D.</td>
<td>Mean</td>
<td>S.D.</td>
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<tr>
<td>Collaborating Style</td>
<td>4.15</td>
<td>.417</td>
<td>3.77</td>
<td>.476</td>
<td>4.563</td>
</tr>
<tr>
<td>Competing Style</td>
<td>3.21</td>
<td>.613</td>
<td>3.42</td>
<td>.560</td>
<td>-1.916</td>
</tr>
<tr>
<td>Accommodating Style</td>
<td>3.33</td>
<td>.502</td>
<td>3.50</td>
<td>.427</td>
<td>-1.802</td>
</tr>
<tr>
<td>Compromising Style</td>
<td>4.02</td>
<td>.389</td>
<td>3.57</td>
<td>.502</td>
<td>5.498</td>
</tr>
<tr>
<td>Avoiding Style</td>
<td>3.40</td>
<td>.664</td>
<td>2.86</td>
<td>.722</td>
<td>4.111</td>
</tr>
</tbody>
</table>

**Significant Level at 0.01

Conclusions and Recommendations

In sum, the result of t-test analysis showed a significant difference in preference for collaborating style, compromising style, and avoiding style. Thus, hypothesis #1, #4, and #5 were accepted. On the other hand, the result of t-test analysis showed no significant difference in preference for competing and accommodating styles. As a result, hypothesis #2 and #3 were rejected.

In hypothesis #1, this study found significant difference for a collaborating style of negotiation between Thais and Germans. This was consistent with Hofstede (1991), who stated that people from individualistic societies are self-centered and less likely the need of dependency. They search for their own interests’ fulfilment rather than group’s interests. On the other hand, people from collectivistic society are likely to lesser their own interests to work toward the group interests. Germans’ culture highly value individualism whereas Thais focus on collectivism. In contrast, this result did not support Smyser (2003) who indicated that most of German negotiators prefer to deal with negotiators from other countries by using collaborating style.

In hypothesis #2, this study found no significant difference for a competing style of negotiation between Thais and Germans. This was inconsistent with Hofstede (as cited in Daft, 2006), who claimed that Germans were considered more individualist value than Thais, which were expected to be self-consciousness while Thais were more group oriented, and avoid direct confrontation (Haruthai & Fredric, 2006). Moreover, Germans were masculine who valued assertive, aggressive, and competitive behaviors. However, Germans who were well-educated and sufficiently learned the advantages and disadvantages of competing style, which leads to the win-lose outcomes (zero-sum game) realized that this style of negotiation was unable to lead them to successfully achieve what they really wanted from the negotiation.

In hypothesis #3, this study found no significant difference for an accommodating style of negotiation between Thais and Germans. According to Hofstede (1991), Germans were considered as a strong masculine compared to Thais as Thais place more emphasis on feelings
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and relationships, saving and giving faces than westerners (Haruthai & Fredric, 2006). Accommodating styles occasionally was employed to maintain the relationship between the two parties form reflected by obeying another person’s order when one would prefer not to, or yielding to another’s perspective. However, Thais may realize that employing this style of negotiation may lead to unfavourable outcome of negotiation, which was lose-win. Also, they may realize the benefits of utilizing this style in an appropriate situation rather than in every situation.

In hypothesis # 4, this study found the significant difference for a compromising style of negotiation. As Thais were taught to end the conflicts by allowing the opposing party to gain the benefits if the consequence of finding the middle ground will not lose all of their benefits, and still leave some gains for them. Compromising in Thais’ perspectives seems to be an appropriate style to end the conflict or negotiation process although the mutual benefits will be fully accomplished because many Thais believe in the premise that “better than nothing.”

In hypothesis # 5, this study found the significant difference for an avoiding style of negotiation. This was inconsistent with Hofstede (1991) who mentioned that Thais were able to tolerate in the unclear, unstructured, and unknown situation. In addition, Thai culture’s comforted with uncertainty, risk, and unconventional behavior whereas Germans were unable to tolerate in an unconventional situation. Germans were less likely to employ this style of negotiation because they may realize that this style would not be able to help them lead to the win-win outcome. Avoiding to confronting the conflict situation or negotiation process, negotiators may be less likely to achieve their goals.

There were some limitations in this research. This study used dual concern model developed by Blake & Mouton (1985), which focused on two dimensions used to determine the degree of assertiveness and cooperativeness, which roughly linked to Hofstede’s individualism and collectivism concepts to measure the negotiation style in a general situation. Moreover, as ROCI-II attempts to overcome the limitation of Dual Conflict Model developed by Blake and Mouton, and Thomas and Kilmann, which mainly measured and learned something about individual’s behaviour without including environment in which the respondents are working, this study did not focus on the specific context and environment. This may not reflect the real negotiating styles in the specific situation or in the business context. The further study should focus on the negotiation in the specific context such as in business situation. Additionally, the instrument used in this study was translated in Thai language, which some words and concepts may not apply or exist in Thai culture context. The further study should consider develop a new version of instruments for preference on negotiation styles if Thai samples would be collected. In addition, sampling size of this study was undersized, which was unable to generalize. The future research should be conducted the replication study by increasing the number of samples. Also, future studies should be focused on the comparative study between Thais and other nationalities or Germans and other nationalities with different cultures and backgrounds.

References


