

A COMPARISON OF AMERICAN AND FILIPINO NEGOTIATION STYLES

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ABSTRACT

The US remains as the no. 1 export market for Philippine products. Bilateral trade relations between these two countries show a balance of trade surplus in favor of the Philippines (Department of Trade and Industry Report, 2001). Trade relations between these two countries remain crucial as ever. Thus, knowledge of American and Filipino negotiation styles will be useful in exploring international marketing opportunities in these countries.

International marketers negotiate on many aspects of the business. It can cover the product, price, promotion and place or other details. The ability to negotiate successful cross-cultural negotiations is crucial in a world, which has become global (Deresky, 2000). Failure to negotiate successfully may lead to delays, confusion or lost business. Cross-cultural conflicts may also occur.

In 1995, a study was conducted on the Filipino exporters' negotiation style. The Filipino exporters who attended the Manila FAME International, an international trade fair, served as respondents. The Filipino negotiation profile developed in the 1995 study was compared to the American negotiation profile (International Trade Center Negotiating Handbook, 1995). This comparison showed similarities and differences between American and Filipino negotiation styles.

Another study on the Filipino exporters' negotiation profile was conducted in 2000. Just like in the 1995 study, the Filipino exporters who joined the Manila FAME Trade Fair held last October 2000 served as respondents. The Filipino negotiation style was again compared to the American negotiation style.

The aspects of the negotiation style studied in 1995 and in 2000 covered the business introductions, offers, concessions, strategy, approach, commitments, deals, leadership, status definition, etc. In the 2000 study, however, new aspects of the negotiation style were added. These aspects were as follows; priority (deal before relationship or relationship before deal), time (strict or flexible), communication style (reserved or direct) and language (direct or indirect).

Table 1 compares the American and Filipino negotiation styles.

TABLE 1
American and Filipino Negotiation Styles

	American	Filipino
Attitude	Very Impatient	Patient
Approach	Informal	Fairly Formal
Introduction	Straight to the Point	Straight to the Point
Offers	Fair Offers	Reasonable Offers
Concessions	Little Concessions	Moderate Concessions
Negotiation Strategy	Item By Item	Item By Item
Authority	Total Authority	Moderate Authority
Tactics	Aggressive	Persuasive
Commitments	Makes Threats	Makes Commitments
Deals	Best Deals	Long Term Deals
Focus	Winning	Succeeding
Leadership	Personal Leadership	Personal Leadership
Status	Status is by Material Success	Status is by Background
Priority	Deal Before Relationship	Deal Before Relationship
Time	Strict	Flexible
Communication Style	Expressive	Expressive
Language	Direct	Direct

Table 1 shows similarities and differences in American and Filipino negotiation styles.

Both negotiators use direct language and expressive communication style. They are similar in their business introduction and strategy. Both negotiate straight to the point. The similarities reveal that the Filipino negotiation style has been influenced by the American rule in the Philippines (Gesteland, 1999).

American and Filipino negotiators differ in attitude, approach, tactics and authority. American negotiators are very impatient, informal and

aggressive. In decision-making, they can decide immediately as they are given total authority (ITC Negotiating Handbook, 1995). In contrast, the Filipino negotiator is patient, fairly formal and persuasive. In decision making, they may not be able to decide immediately as they are given only moderate authority (Esguerra and Suplico, 1998). The differences indicate that the Filipino has remained Asian inspite of Western influences (Guthrie, 1981).

The American negotiator belongs to a deal-focused culture while his Filipino counterpart belongs to a relationship-focused culture (Gesteland, 1999). Deal-focused cultures are open to dealing with strangers while an introduction or referral is important in a relationship-focused culture. Deal-focused negotiators can build rapport right at the bargaining table. The priority is deal (or task) at hand. In relationship-focused cultures, it is important to develop a relationship first before you make a deal. It is interesting to note that results in Table 1 reveal that both Filipino and American negotiators prioritize the deal before the relationship.

It is hoped that this study will help Filipino and American negotiators to understand themselves and to respect each others' similarities and differences.

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