East Meets West: Strategic Expansion Decisions Between Two Cultures

by MaryJo Burchard

Strategic planning for expansion is always challenging in the current unstable global economy, but the normal strategic challenges increase exponentially when decision teams are comprised of members from very different cultural backgrounds. Negotiation between diverse teams requires an understanding of the decision-making models embraced within each culture and the capacity to adjust negotiation strategies to fit the preferred cultural approach of each decision-making team. The present situation facing a young hotel/tourism executive named Rina illustrates this challenge.

Rina, the bi-lingual daughter of an American businessman and a Japanese educator, works for Toyama Tourism, Inc. (TTI), a Tokyo-based corporation that owns and manages multiple resorts and hotels in Japan, Hawaii, and the Gold Coast of Australia. A year ago, TTI acquired a mid-size French boutique hotel, Château au Soleil, on Australia's Gold Coast. TTI's merger with the French company included an agreement to retain the famous French former owners as the hotel's management team, while adding Japanese service staff to accommodate the Japanese tourists who frequented the resort. The merger yielded an almost immediate explosion of popularity from Japanese nationals visiting Australia, which triggered discussions regarding the possibility of duplicating Château au Soleil and expanding to locations on Okinawa and Japan's mainland.

However, negotiations beyond this point had been rocky. The French had balked at TTI's ideas of the new sites' structural and stylistic alterations, which TTI believed better suited mainland Japanese consumer tastes, because the alterations "were no longer French." The Japanese representatives of TTI were put off by the French managers' verbose, apparently arrogant, and overtly emotional communication style, and the French grew frustrated with the Japanese representatives' apparent unwillingness to make any adjustments or further decisions (Lewis, 2010). Deadlock was imminent.

In an effort to retreat and regain momentum without either party losing face, (Lewis, 2010), Rina had been summoned to become a new "go-between" for TTI, to help bring clarity to both sides and facilitate constructive progress, based on her bicultural sensitivity and experience.

Rina's objective was to facilitate constructive progress in the decision-making process between the French and Japanese parties. Neither the French nor the Japanese are impressed with "hard sell" techniques (Lewis, 2010), but an indefinite stalemate is also unacceptable. We join Rina as she unpacks her suitcases and sets up her computer at the desk of her fourth floor suite. She pondered the gravity of the situation as she opened the curtains. The light of the setting sun rushed into her room, which overlooked the stunning white sands of the Gold Coast beach. While Rina was thrilled with the prospect of living at the Château au Soleil until progress between the French and Japanese had been made, she was also aware that she needed insight into each team's culture, if she was to be effective in her negotiations.

Rina knew TTI was a strong Japanese company, but it was not accustomed to working with the French. The future growth and expansion of the Château au Soleil project depended upon the capacity for the teams to come to an understanding. If Rina could pinpoint the decision-making model that each team was likely to practice, she would be better equipped to adjust her facilitation of the negotiations to accommodate and reflect the values and communication styles of both the French and Japanese teams.

Decision-Making Models

Rina had chosen to limit her considerations to the following four models: (a) rational, (b) emotional, (c) political/coalitional, or (d) garbage can.

1. The *classical* or *rational* model begins with the assumption that the members of all participants share a primary goal and together possess all of the necessary information for arriving at the best solution. Clarity is reached through the identification of the problem, analyzing viable alternative courses of action, and jointly selecting the optimal solution (Beach & Connolly, 2005; Argyris, 1970).

2. The *emotional* model allows the spectrum of feelings associated with the situation (e.g. regrets about failures or missed opportunities, fear of risk, aversion to change, intimidation of or offense by the other party, disappointments about previous attempts to negotiate,

apprehension about costs or losses, etc.) to drive the decision-making process (Beach & Connolly 2005; Lewis, 2010).

3. The *coalitional* model (also called the *political* model) attempts to arrive at consensus through negotiations, concessions, and other appeasing behavior to gain favor with the majority population among stakeholders (Harrison, 1993; Lewis, 2010).

4. Finally, the *garbage can* model, in which a seemingly random, unstable process of organized anarchy and nebulous, inconsistent preferences are implemented until decisions emerge from the chaos through trial and error (Cohen, March, & Olson, 1972; Kalu, 2005).

Since beginning her work at TTI, Rina had made it a habit to begin her interaction with new acquisition teams by assessing each team's most likely decision-making model(s). However, despite her ease in multicultural settings, her interaction with this French team had presented her with challenges that she had never before encountered. The French seemed to live in a world entirely their own: they were highly independent and individualistic, aggressively verbose and emotional, while still extremely rational (Lewis, 2010; Hofstede, 2010). Almost everything about the way they were seemed to fly in the face of the way the Japanese are. If she was going to be successful in facilitating progress between TTI corporate and the Château au Soleil team, she would need to find the common ground between decision making in French and Japanese cultures – which would require a fresh analysis of the decision-making models that each national culture embraced (Lewis, 2010; Hofstede, 2001; Hofstede, Hofstede, & Minkov, 2010).

Japanese Culture and Decision Making

Rina began with the familiar, reflecting back on her many initial acquisition/merger meetings with Japanese teams. After everyone had formally been introduced and *meiji* were exchanged, tea was served and several minutes of polite conversation began. The Japanese were not procrastinating, but the relationships being established were far more important to them than the decisions that would be discussed. Throughout the period of initial conversation, everyone on each team was fully tuned in to the verbal and non-verbal cues of the top executives. At the moment that TTI's top ranking executive took a paused breath and stated *"jitsu wa ne -"* (the issue is -), negotiations commenced.; however, "negotiations" to the Japanese are not defined as compromising. In fact, in their minds, the purpose of the meeting was not to brainstorm for new ideas, but to formalize decisions that had already been made over months of collaboration with every level of the organization (Lewis, 2010). Changing directions and making new commitments that differed from those presented as the team's collective stance in a single meeting without giving the other members an opportunity to collaborate

was unthinkable, and expecting a Japanese representative to do so in order to "cooperate in negotiations" was to commit negotiation suicide (Lewis, 2010). No, the Japanese negotiation table would be marked by a few, well-thought out words, and silence if pressure to change was exerted by the other side. Rina knew well that the staunchly collective identity of the Japanese national culture is inseparable from the way Japanese companies make decisions (Hofstede, 2001). Through these experiences, Rina analyzed which decision-making model was most befitting of the Japanese.

Rational vs. Emotional

While no one could dispute the rational and highly calculated nature of the Japanese, their approach to group decision-making could not be classified as a pure classical model. Their sensitivity to the desires and wishes of those within the organization who were not present (especially the top executives) would overshadow any desire to accommodate the wishes of the other side in the course of a single meeting, so the classical negotiation process would not typically be applicable. And although the Japanese are highly sensitive to saving and protecting face (theirs and their partners') and have strong emotional reactions to those who are overly expressive or appear to them as oppressive or grandiose, they could also not be classified as groups whose decision making was ruled by emotions (Lewis, 2001; Hofstede, 2001).

Collaborative vs. Garbage Can

The prodigiously collective nature of the Japanese decision-making process is unique in the world (Lewis, 2010; Hofstede, 2001; Adair et al., 2005). In many ways, they think as one in groups – not because only the top leaders are allowed to think and the rest mindlessly obey, but because the culture is founded upon a national relentless commitment to promoting the common good. Identity is determined within the context of one's contribution to the group, instead of personal self-expression. Everyone has a vested interest in contributing to the corporate interests. This defines the collaborative model, insomuch as it applies to the "insider" group itself; the same concessions are not automatically made with the other party. However, once it is determined that the other party is to be trusted and embraced, the same ethic of collaboration, consideration, defense, partnership, and advocacy is extended to them as well, no matter the cost (Lewis, 2010). For this reason, while deliberation with the Japanese may take a long time, corporate buy-in equates to implementation, and the other party will be expected to execute their side of the agreement with great speed once the terms have been committed upon (Lewis, 2010).

Rina stretched. She hated to use the term "garbage can" to describe anything in Japanese society, especially their decision making. Everything is strategically calculated in the Japanese process. Consideration for the group precludes the option of arbitrary trial-and-error solutions (Lewis, 2010), and Japan's culture has a high reliance on context, so communication is more implicit, indirect, and allusive (Ting-Toomey, 1985). Still, in their intuitive, implicit, allusive way, the Japanese were the ultimate collaborators – and "garbage can" decision making was the ultimate in collaboration. In "garbage can" decision making, everyone brings their ideas to the table: problems, ideas, clarifications, solutions, and challenges to each of these. As the conversation continues, multi-faceted solutions emerge from the fog, and as they emerge, they are strengthened by all of the challenges and counters that address their weak spots (Cohen, March, & Olson, 1972; Kalu, 2005). Although it was not messy or arbitrary, elements of the Japanese decision-making process leaned toward "garbage can" characteristics. Consequently, every important decision takes much more time – but while they are determining the decision they are also working on all the details of its implementation. Once a decision is made, it is literally as good as done (Lewis, 2010).

French Culture and Decision Making

Rina now turned her attention to research on the decision-making style of the French. She leaned back in her chair and gazed around her suite. The beauty of the room was breathtaking—neither overdone nor understated. The French definitely had impeccable style and flair. In fact, the French former owners had met Rina at the airport to explain this to her themselves, and they did not stop explaining with great passion until she had checked into her room. "Look around, Madame Rina," they had urged as they walked her to her suite. "Everything is perfect, no? We do things *right*. People come here because they want the full French experience, and we give this to them better than anyone else. TTI is clearly successful in Japanese ventures, *oui*. But this hotel is *French*, and the Japanese bought it, and frequent it, and love it, because it is *French.* Knowing this, why should we change?" Rina sighed. She would need to use insight from this experience—and research she could glean tonight—to decipher which decision making model best fit the French.

Rational vs. Emotional

In her research, Rina discovered that she was not the first to find French cultural decision-making strategy to be enigmatic (Brett et al., 1998). The French crown logic and rational argument, aesthetically expressed, as the king of negotiation (Lewis, 2010; Morrison, Conway, and Borden, 1994), but their pride in their ability to articulate their rationale tends to cause them to spend a great deal of time establishing the context of the issue (Lewis, 2010; Adair, Brett, Lempereur, &

Okumura, 2004). One study said the French "spent too much time clarifying the situation and not enough time identifying issues and priorities. [They] displayed extremely low frequencies of offers and persuasion" (Adair et al., 2004, p.105). Rina laughed aloud when she read a description of the French as "complacently confident and long winded [and because] they have a hypothesis to build [they] are not in a hurry" (Lewis, 2010, p. 169). Her trip from the airport was a firsthand account of this trend. For this reason, along with their self-assured lack of desire to compromise (Lewis, 2010), Rina was surprised to find herself unable to place the French purely in the "rational" model, because despite their love for rationality and reason, the French execution of their process varied from the classical method of decision making. Their tendency to frequently stray from the agenda to discuss other random issues at length (Lewis, 2010) was further proof that these rational thinkers were not classical negotiators. So, were the French basing their decisions on emotion? No, not directly. Despite their passionate communication, they were too committed to being rational to let their decisions be ruled by their emotions (Lewis, 2010). Neither model seemed to be a true fit for the French.

Collaborative versus Garbage Can
Collaboration appeared to have a different meaning among the French. Like the Japanese, the French arrive at the negotiating table well-informed, but with a perspective that is distinct to their own culture that may blind them to other perspectives (Lewis, 2010). Although it was plain, from what Rina had read, that the French do not embrace a pure collaborative model, Rina learned (to her great relief) that they did share with the Japanese some values embedded in the collaboration model process itself, which could build cohesion, and even some level of appeasement between the teams. The French shared the Japanese expectation for lavish feasting and group excursions to build trust prior to major negotiations. She smiled. They were on the Gold Coast. This would not be a problem. The French also believed in taking time to build relationships—and cases—and hated being forced into hasty decisions (Lewis, 2010), which is important in collaborations. They also placed high value on politeness and honoring the other party with formality and dignity, which would please the Japanese, and they focus on the long-term goals and the big picture (Lewis, 2010). But this was the extent of their similarity to the collaborative model. The French would only concede in a negotiation if their logic had been trumped (Lewis, 2010), which neither fit with the collaborative nor the garbage can models of decision making. And, the garbage can model was too irrational for the French. No, even in decision making, the French had a maverick style that was completely their own.

Conclusion

Rina's insight into the decision-making models of Japan and France enabled her to plan the coming week's activities carefully. Both the French and the Japanese saw themselves as unique and even superior in the world, but their approach to decision making seemed to be at polar ends of the spectrum. She set tomorrow aside for sight-seeing and feasting with the groups; no formal negotiations would begin until the following day. Things would progress formally and slowly, and she would assure both sides that there was no hurry to finalize decisions. She would get both groups to affirm that focus of these meetings was the long-term direction of the venture, which would set both sides at ease.

In collaboration, she would focus on praising the French expertise, artistry, and rational speech as much as possible to get them talking about what was most important to them. Since French loved to talk and the Japanese preferred to listen to prevent misunderstandings, Rina would watch the Japanese for signs of information overload and need for times of retreat. She knew that Japanese would be more likely to remain silent than say "no" when they disagreed (Graham & Sano, 1985), so she would rely heavily on cues from the facial expressions and body language of the upper management to signal when they had received enough explicit information and were feeling the need to adjourn and regroup to process the information (Hall & Hall, 1990). Rina further realized that she may need to attend additional meetings alone with the French team, wading through hours of what would seem like superfluous verbiage to the Japanese, to identify the French team's critical points of knowledge, summarizing the rationale of their investment and position and take this back to the Japanese team for processing (Saad, Rosenthal-Sabroux, & Grundstein, 2005). Once she had a full grasp of the Japanese positions, she would need to carefully package and present them to the French in logical arguments that the French would be able to appreciate. Further, she would need to brush up on her debate tactics and be ready for a dual of reason on behalf of the Japanese, if necessary, since the Japanese are easy prey for verbal jousters (Lewis, 2010).

If necessary, Rina would inform the French that TTI representatives may need to make multiple trips home to process the positions of the French team without making any up-front compromises or concessions on this trip. Finally, when reporting the results in Tokyo, she would be sure to adopt a minimalist communicative style, again, remaining sensitive to the members' non-verbal cues (Cohen, 1991) to guide a simple, un-embellished version of the foundational issues and give the Japanese team room to collaborate extensively within the organization before giving the French team a response.

One thing was evident: This would not be her final stay at Château au Soleil. Her visits would probably be frequent over the next few months. She stood up to stretch and strolled to her balcony. Gazing down at the moon's reflection over the water, Rina smiled. As long as they were moving in the right direction, that prospect was fine with her.

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