Understanding Cross-cultural Encounters in initial Business Negotiation Meetings: An Emic-Etic approach

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ABSTRACT

This paper proposes a theoretical framework for understanding cross-cultural business encounters based on an emic-etic perspective. We argue that the research on cross-cultural encounters tend to focus on the attributes of skills and knowledge based on cultural dimensions as entities. As a result, the processes of cultural understanding have not been investigated adequately. To address this issue, we propose a cross cultural model which focuses on dialogue and negotiation of both parties. The model is based on cross-cultural dialogues and discourse analysis. In particular, we developed the concept of ‘cultural space’ as a point of departure for understanding cultural adaptation during interactions, which in turn will help to promote effective cross-cultural management.

Key Words: Cross-cultural interactions, emic, etic, cultural space, discoursal space
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Cross-cultural Business encounters (e.g. in negotiation meetings) have become increasingly frequent, which is especially true in recent years as the world is becoming more and more internationalised and globalised. Specifically, this paper aims to develop a novel theoretical framework based on an emic-etic (or insider-outsider) perspective to study complex issues of cross-cultural interactions, using Australia-China cross-cultural encounters in business negotiation meetings as an example.

As China became Australia’s No. 1 business partner, replacing Japan in 2010, Australia-China bilateral trade, especially in mineral resources and mining technology, was registered at over 121.1 billion US dollars in 2011 (http://www.dfat.gov.au/fta/acfta/). With the recent government call to position Australia as part of the Asian Century, Australia plays an even more active role in collaborating with China. So the two-way investments will lead to an increased level of partnership into the future especially in the mining industry. As a country of abundant mineral resources, Australia has attracted increasing investment interest from Chinese companies since 2008. However, negotiations with China can be very complex, involving multiple issues (e.g., Fang, 1999; Miles, 2003). For example, Zhu and McKenna (2012) found that the failed deal between Rio Tinto and Chinalco over the Chinalco investment deal in 2009 was due to a number of interrelated issues, cultural, economic and institutional. Yet business negotiations with China so far have focused largely on business transactions and outcomes (e.g., iron ore pricing). More research attention, therefore, needs to be given to the processes of cross-cultural encounters during negotiation meetings. It is also vital for Australian firms to understand Australia-China encounters in order to better manage their ongoing business relationships and achieve business goals. Such a cross-cultural understanding is also crucial for collaborating with Asian countries in general, especially in the ‘Asian Century’.

Theoretically, it is imperative to do research on cross-cultural encounters, in particular, on developing new theoretical paradigms. Cross-cultural research so far has not yielded significant results in enhancing cross-cultural performance (Festing & Maletzky, 2011). One of the major reasons for this issue can be that too much attention was given to Hofstede’s (1991) cultural dimensions (e.g.,
Harzing & Feely, 2008; Holden, 2004; Zhu, 2008). The extant paradigm for understanding China and Australia involves a polarised view (e.g., individualism vs. collectivism) which may not be sufficient, as they focus on the etic or outsiders’ perspective. The polarised view (West vs. East) is certainly not helpful for understanding Australia as part of Asia. Pike defines an ‘emic unit’ as ‘a physical or mental item or system treated by insiders as relevant to their system of behaviour’ (Pike 1990: 28). In contrast, the etic unit goes from the outside in, providing access to the system only as a starting point of analysis; the full understanding of the emic is the ultimate end point. According to Pike (1974), as well as other researchers (Morris at al., 1999), both etic and emic perspectives are necessary for cross-cultural studies. In addition, the etic cultural dimensions tend to ignore the discourse aspect, i.e., the specific use of language in cross-cultural encounters, which constitutes organisational activities (Phillips & Hardy, 1997) and is essential for international business (Harzing & Feely, 2008; Zhu & Hildebrandt, 2013).

We focus on examining the encounters in initial Australia-China business meetings, which are a very important genre for conducting business (Zhu et al., 2007). Genre is defined as situated communication behaviour or ‘social action’ (Miller, 1984). Initial business meetings are seen as a genre since they perform the action of negotiating over business deals and tasks. Negotiation, in a general sense, is viewed as a complex process of identifying each other’s positions and interests and achieving mutual goals (Lewicki, et al., 2010), in which seeking to strike a deal is only one component. We therefore view the encounters as part of negotiation processes involving different cultures, hence the need to draw insights from the follow two sources of literature.

The first source is drawn from extensive review of the emic-etic debates (e.g., Pike, 1974) and ‘intercultural dialogues’ invites multiple voices and is thus defined as balanced communication for constructing cultural knowledge (Baraldi, 2006). As noted earlier, both emic and etic views should be applied to studying cross-cultural encounters. Also different from the polarised etic cultural dimensions, intercultural dialogues create a ‘cultural space’ that embraces for open communication and collaboration across cultures (Zhu, 2008). One possible way of promoting intercultural dialogues is to understand ‘multiple voices’ through integrating the emic and the etic perspectives Morris et al. (1999) highlighted that the rationale for the emic-etic integration is to obtain the depth of emic
knowledge and also to shed general and universal implications (Morris et al., 1999). ‘Cultural space’ thus further extends extant cross-cultural study focusing on cultural dimensions, which are also known as sophisticated stereotypes (Osland et al., 2000). In particular, we consider how both cultures can use emic and etic knowledge to as a feasible approach to understanding the complexities of cross-cultural encounters.

The second source of theory mainly derives from genre analysis of written texts (e.g., Miller, 1984; Swales, 1991; Orlikowski & Yate, 1994; Bhatia, 2004). Genre has both internal (contextual and textual indicators) and external structures including professional and disciplinary culture (Bhatia, 2004) and institutional knowledge (Paltridge, 1997). In this paper, we will apply genre theory to spoken genres such as meetings, which are seen as part of the speech genres (Bakhtin, 1986). Specifically, a text is seen as reflecting the speaker’s discursive knowledge hence the ‘discoursal space’, which is defined as the space for using genre in specific professional and institutional contexts. So crucial to this study is to understand genre in cross-cultural situations and its extensive impact on business practice.

Specifically, we propose the following research questions for this study:

1. What are the specific emic-etic aspects (cultural and discoursal in particular) that constitute cross-cultural encounters such as business negotiation meetings?

2. To what extent these encounters exercise impact on business practice and outcome?

GUIDING THEORETICAL FRAMEWORK

Re-visiting the Emic-Etic Perspective

In this section we detail the three major approaches of incorporating the emic-etic perspective based on extant research. The first is the imposed etic approach and the second the integrative approach and the third is the derived etic approach. Both the second the third incorporate the ‘emic units’, hence they are major focus of discussion.

The Imposed Etic Approach

Imposed etic approach, according to Berry (1989), is defined as the approach derived from a local context but being imposed as a universal approach onto explaining phenomena of other contexts. As noted by Jackson and Niblo (2003), the majority of published work on cross-cultural comparison used
imposed etic’ designs. Some of the prevalent Western theories as a matter of fact only emic theories from the West and have been used as universal principles (Jack & Zhu et al., 2013).

The imposed etic approach is also known as the ‘exploitation approach’ (Tsui, 2006). The exploitation involves the application of a commonly-used theory to a ‘new’ context such as using Hofstede’s individualism vs. collectivism to the Japanese context. The danger with such an ‘exploitation’ or imposed etic approach is that it risks the serious possibility of missing the truly important communication or management issues in the specific context. Cross-cultural researchers, by and large, still rely on the etic approach (e.g., cultural dimensions) as a major theoretical framework, which is based on ‘sophisticated stereotypes’. We therefore should opt for an inside-out or emic approach where the primary interest is in understanding the unique issues within this dynamic context and also in comparing one cultural context to other contexts. We will then turn to the next two approaches of incorporating the ‘emic units’.

The Integrative Etic-Emic Approach

In light of the emic-etic view (e.g., Berry, 1989; Pike, 1974), emics and etics can be integrated to study a cultural phenomenon from both insider’s and outsiders’ perspectives. It is also known as a geocentric approach. Li (2012) makes an important clarification about the nature of a geocentric approach as

…an emic-etic integration toward an overall framework resembling a mosaic-style unity-in-diversity. Indigenous or emic research is not confined to the goal of explaining a unique phenomenon at the local level for its own sake; it often bears widespread global implications. (pp. 11-12)

A geocentric approach is especially relevant for comparing cultures with a balanced view. As Derrida (1992) notes one should understand culture specifics first and then compare them with other cultures. For example, Zhu and Hildebrandt (In Press) compare Chinese and New Zealand Managers’ attitudes towards international business sales letters using an etic-emic approach. They made contributions to understanding how the emic can complement the etic approach. Specifically they identified at least two areas. Firstly, the use of emic theory adds depth to etic cross-cultural analysis. For example, the etic approach in Hall’s (1976) high- and low-context culture theory may interpret the Chinese style as
indirect and English letter as direct. However, the taken for granted ‘indirect’ Chinese style actually indicates a clear *qing* (positive affect) persuasive orientation. Specifically, Chinese managers identified two types of *qing* including respect and warmth or affection. These *qing* aspects underpin politeness behavior of language which require certain felicity conditions (e.g., using certain expressions for greetings). Secondly, *emic* sources of knowledge offer the potential for appropriate cross-cultural adaptation. People can extend their linguistic repertoires (Hymes, 1974) across cultures drawing from the *emic* perspective. With the extended repertoires, one would avoid mimicking another culture at the surface level or over-doing the other culture (e.g., showing excessive respect or warmth) behaviours.

**Emically Derived Etic Approach**

Just like some of the *etic* theories, *emic* perspectives can also be developed into new theories applicable to a wider range of contexts and cultures, also known as a derived *etic* approach (Berry, 1989) but from an *emic* source. On example can be found in the Chinese Culture Connection (1987) study which was carried out in response to the concern that cultural questionnaires are usually prepared by Western academics and therefore may be bound by a Western cultural outlook. As a consequence, the writers prepared a survey specifically to identify and measure Chinese cultural values (based on Confucian values) across countries around the world. Out of their findings, one particular dimension, labelled Confucian work dynamism was adopted by Hofstede as long-term orientation (also the only non-Western dimension).

A more recent development of derived *etics* from the *emic* sources can be found in Tony Fang’s (2012) *yin-yang* cultural perspective for studying the paradox of culture. Based on the indigenous Chinese philosophy, Fang proposes an alternative approach to culture. Specifically, Fang posits that ‘potential paradoxical values coexist in any culture; they give rise to, exist within, reinforce, and complement each other to shape the holistic, dynamic, and dialectical nature of culture (Fang, 2012: 25)”.

In light of this emic-etic view, each party tries to understand the other party from the emic perspective, accepting the other’s voice as valid and legitimate. In the meantime, parties also try to
adapt to each other’s key cultural values such as guanxi or connections in Chinese, based on a fuller understanding of emics and etics.

Applying the Emic-etic Approach to Studying Cross-cultural Interactions

Cross-cultural interactions such as business meetings involves participation of people from different cultures in organisational or institutional contexts through use of discourse, hence the following three spaces of cultural, discoursal and institutional.

**Cultural Space**

In order to better understand Australia as part of the Asian Century, we need to develop a new paradigm to position Australia in the specific contexts of the cross-cultural encounters. Therefore we see cross-cultural encounter (expressed in the form of texts) as situated in institutional and cultural contexts, hence the need for studying texts in relation to institutional knowledge and cultural knowledge space from both emic and etic perspectives.

Cultural Space embraces both etic and emic knowledge relating to cultural values. For example, the etic aspects such as Hofstede’s (1991) cultural dimensions, and Hall’s (1976) high- & low-context cultures are seen one set of etic theory, while more attention is given to emic theories such as the Chinese culture-specific concepts of guanxi or connections (Fei, 1986; Paik & Tong, 1999; Zhu, 2009), mianzi or face (Ting-Toomey & Oetzel, 2001) and he or harmony in Analects (Cheung, 1986). In addition, cultural space also embraces regional culture (higher tier vs. lower tiered cities in China). Likewise, Australian culture also encompasses emic knowledge as a multicultural society. In this way, cultural space posits cross-cultural interactions as dynamic responses to specific cultural contexts.

**Institutional Space** refers to the emic-etic perspectives of institutional contexts. Although it is assumed that mining industry tends to share similar professional and institutional contexts (e.g., exports and imports of iron ore) institutional issues may occur especially in complex business encounters as in the Rio Tinto case involving a Chinese state-owned corporation (Zhu & McKenna, 2012). In China, there are several types of institutions including private, state-owned, and joint-ventures located in different regions and provinces. An emic view of the features of these institutions will offer insight for better understand a specific encounter. For example, a price negotiation of certain mining equipment is not just about using communication skills and professional knowledge to
get a better deal, but rather it includes achieving the macro-level strategic direction through the identification of long-term interests and goals for working together with different institutions.

**Discoursal Space**

Discoursal space is primarily concerned with two aspects: (1) the emic and etic understanding of the discourse of one’s own culture and the other’s culture (e.g., discourse about how to make an offer or concession) and (2) the cross-cultural understanding for accommodating one’s own discourse incorporating both emic and etic knowledge(s). The first aspect is about relatively stable rules (e.g., purposes and textual tactics) within one’s own culture. Yet, as an outsider, one tends to view other cultures with an etic approach such as using the polarised view of Chinese culture as indirect and Australian culture as direct (Hall, 1967). However, an emic perspective is needed in order to better understand the other culture such as the nuances of expressing face-related concerns at a meeting. Once we have obtained both emic and etic perspectives, we are ready for the second aspect which is to create a space for adapting behaviour in encounters based on both an emic and etic understanding of cultures. The relationship between discoursal, institutional and cultural spaces in predicting the complexities of cross-cultural encounters is depicted in Figure 1 using Australia-China encounters as an example.

Arguably, discoursal space (see Figure 1), as the central space and the manifestation of the cross-cultural encounter, is closely related to cultural and institutional space. For example, a negotiation conducted between an Australian and Chinese manager may not follow exactly the conventions of an English business meeting, and both parties need to negotiate with the process, such as when to introduce the deal (Zhu, 2008). The Chinese may need more time to know each other personally before the deal is introduced. However, this type of knowledge is not sufficient for holding a meeting effectively. Using emic-etic knowledge, both parties can extend their socio-cognitive spaces e.g., working out the appropriate length of time for a meeting session for building their relationship and conducting negotiation, hence enhancing the effectiveness of their meetings. Both parties work together in sorting out assumptions about the other party (etic), understanding the other’s emic rules and adapting genre rules to achieve negotiation goals (e.g., transactional and relational) and optimal outcomes (minimising assumptions and sharing common goals). Successful scenarios in light
of the emic-etic approach are also rich sources of data for cross-cultural training packages. The following details how each element of the discoursal space (see Figure 1) interacts with the other two spaces.

**Discoursal Space and its Interaction with Cultural and Institutional Space**

*Text*

We see emic negotiation text (e.g., in China or Australia) as prototypes. ‘Prototype theory claims that concepts cannot be reduced to the sum of simple components: they depend, rather, on a prototype that is conditioned by socio-cultural factors’ (Paltridge, 1997: 53). In the cultural space, Interactants can understand their own genre conventions using prototypical images that allow them to view others’ texts as also prototypes (using emic perspective) so that they can better understand others. For example, texts produced by people from other cultures may apply their own prototypical system e.g., a personal greeting may not be prototypical in English letters, yet it usually is in Chinese (Zhu, 2005).

*Purposes and persuasive orientations*

Negotiations are characterised by specific purposes (Swales, 1990) such as making an offer in negotiations. However, in a cross-cultural context like Australia-China negotiations, understanding the transactional goal may not be sufficient. Existing research (e.g., Miles 2003; Zhu et al. 2007) shows that Chinese negotiations tend to focus on relational goals, while western negotiators including Australians tend to focus on transactional goals. Different persuasive orientations must, then, be considered from an emic perspective. In European Australian culture, Aristotle’s (1991) three proofs of *ethos* (status), *pathos* (affect) and *logos* (reason) with an emphasis from the *logos* has been a significant influence on European cultural traditions. The Chinese persuasive orientations, *qing* (emotion) and *li* (reason) exercise a profound influence on modern Chinese writing. The preference of *qing* (emotion) and *li* (reason) may indicate a different emphasis from *logos* stressed in English persuasion (Zhu, 2005), and may influence Chinese managers’ communication styles.

*Textual tactics*

The concept of moves and strategies are useful as textual units to reflect the specific nuances of realising the emic depth of encounters. According to Goffman (1969), a move is a course of action
which involves real consequences. This paper views moves as significant moments for positioning oneself in a negotiation (based on Zhu, 2011), such as advocating one’s credibility and needs. Moves can therefore be used to initiate a position or respond to an existing position which are frequently used negotiation between parties with different interests and needs as in cross-cultural meetings (Lewicki et al. 2007; Zhu, 2011). Strategies function at a micro discoursal level, which tends to overlap with the action of words (Austin, 1961) such as the nuanced emic linguistic forms used to make a request or offer in a specific institutional context. These words can include cultural specific expressions such as politeness behaviour of giving face differently (mianzi or face as in Ting-Toomey & Oetzel, 2001; Fang, 1999).

Managers’ reflective views

Managers’ reflective views will be vital for exploring their emic-etic understanding of cross-cultural encounters and the impact on business outcomes. (e.g., to what extent, their encounter is ‘effective’ in relation to reaching the goals of both parties). Particular attention will also be given to how managers apply emic and etic knowledge(s) to adapt their negotiation behaviour during their cross-cultural encounters.

Exemplifying our Proposed Model

Take a real-life China-Australia negotiation case as an example and this negotiation meeting is randomly taken out of the twenty-five negotiation cases and fifty-five follow-up interviews with the participants of meetings the first author collected in Australia.

One group of Chinese business men arrived in Melbourne to explore business opportunity and seek for potential Australian business partners with the help of one business consulting firm. After a brief exchange of business cards and greetings, the business meeting soon started. At the meeting, five Australians from different business areas introduced their products and services to the Chinese in detail respectively. For example, Tom, a double-rider bicycle producer brought a sample to the seminar and explained the functions of his product in detail for the Chinese delegation followed by another two presentations on promoting mining engineering equipment and technology. All seemed to start smoothly. However, when it comes to the Chinese group’s turn the three business men started whispering to each other in Chinese. They also seemed to be very reluctant to speak until their group
leader nodded to Mr Ma inviting him to speak up. Mr Ma’s speech turned out to be purely ritualistic thanking all the speakers and sponsors of their visit instead of addressing the content of the earlier presentations.

This case represents failure of the interaction and non-communication at an initial meeting and can be analysed in light of our model in the following aspects. First of all, the major reason lies in the lack of a shared cultural space between the two parties and each party seems to use their own emic perspective to impose on the other. Secondly, the cultural space underpins their communication and each party seems to have their own patterns of discourse. Thirdly, neither party seems to be willing to break through the cultural barrier within the culture space due to misunderstanding of each other’s communication patterns. Finally, a series of mismatches across all the three spaces of knowledge made it impossible for parties to explore and discuss any business opportunities and outcomes.

Follow up interviews with the major four representatives of each party (two Australians and two Chinese for this particular case) have further substantiated our above analysis and supported our claim for the emic-etic perspective. Seeking managers’ reflective views indicated that they relied on their own ‘sophisticated stereotypes’ to process information at the interactions due to a lack of understanding of the other culture’s interaction processes. Therefore in the end, they did not even have the opportunity to explore institutional space initiatives such as the very missions and goals of the visit and the negotiation meeting.

The above unsuccessful case further illustrates the importance of the emic and etic cultural approach by both parties, and an absence of an integrative emic-etic approach can easily lead to misunderstanding. In the meantime, it also shows how crucial it is to develop an appropriate cultural space for both parties to share and exchange information through discourse and consequently collaborate and work together towards their institutional goals.

**CONCLUSIN AND IMPLICATIONS**

This paper has developed a theoretical model for understanding initial meeting encounters exhibited in cross-cultural interactions. A major contribution lies in the fact that the model views communication as composed a two-way process of cultural adaptation and text reconstruction interacting with three spaces, namely, cultural, discoursal and institutional.
Our study is also timely and significant in addressing the issue of cross-cultural encounters in a novel and innovative way. In particular, we propose a new approach for understanding cultures in an innovative emic-etic way. Specifically, it extends cross-cultural research, which has relied for too long on the Hofstede’s (1991) approach, which polarised Australia as ‘West’ and China as ‘East’. Instead, we stress cultural pluralism; that is, using ‘intercultural dialogues’ and ‘cultural space’ to acknowledge cultural differences (e.g., individualism vs. collectivism) and encourage optimal contribution and participation. So, instead of abandoning Hofstede (as some critics do) we view his approach as one of the voices alongside other emic voices, which adds to cultural pluralism. The emic knowledge goes beyond the national cultural values to include institutional contexts espacio (e.g., paradoxes of guanxi and professionalism as in Fang, 1999 and etic transactional and emic relational goals in Zhu, 2011), hence offering depth of understanding the complexities of Chinese negotiations. This theoretical framework provides a stronger basis for advanced ways of understanding cross-cultural encounters as a complex process involving cultural and institutional issues, which requires emic-etic knowledge for maximum collaboration and business outcome;

This research has further important theoretical implications for future research in these areas. The model needs to be explored in the area of interaction or triangulation of the three spaces at the discourse level, which requires a collection of extensive authentic cases of interactions across a range of cultures. This study has practical implications for cross-cultural interactions by highlighting the importance of using the three knowledge spaces to turn cultural divide into successful cross-cultural businesses collaborations.

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Figure 1: An Emic-etic Framework of Cross-cultural Encounters

- **Discoursal Space**
  - Purposes
  - Persuasion (logos vs. qing & li)
  - Textual tactics

- **Institutional Space**
  - Mining corporations
  - Private
  - State-owned
  - Joint-ventures

- **Understanding the complexities of cross-cultural encounters**

- **Cultural Space**
  - Cultural dimensions
  - Cultural specific values (guanxi, he, etc.)
  - Intercultural dialogue

- Enhanced training package

- Promoting optimal outcome