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# AN ETHNOGRAPHIC APPROACH TO TRADE NEGOTIATION THEORY

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**Abstract**

This paper is a thought experiment and discusses what the data and analytic components of an ethnographic approach to trade negotiation theory might look like. The approach adapts its concepts from the ethnography of communication on the assumption that trade negotiations are a special type of communicative event. The approach suggests that the following are types of data to be considered in the analysis of trade negotiations: background information, material artifacts, social organization, legal information, published materials, common knowledge, and attitudes toward language and communication. For analytical purposes, the components of a trade negotiation are considered to be: genre, referential focus, purpose or function, setting, participants, message form, message content, act sequence, rules for interaction, and norms of interpretation. The paper briefly explains each type of data and each component and illustrates them with specific reference to trade negotiations.

## Introduction

Trade negotiations take place at macroeconomic and microeconomic levels. Macroeconomic-level trade negotiations are those that occur at the intergovernmental level as bilaterally between nation-states and similar economic entities or within the framework of multinational organizations such as the World Trade Organization (WTO). Microeconomic trade negotiations are those that proceed at the level of organizations and between and among individuals. Several different theoretical approaches may be used in the study and analysis of such trade negotiations. Economic theory, for example, might examine how negotiations related to trade regulations in a particular economic region influences national and regional economic growth. Political scientists, on the other hand, might examine bilateral trade negotiations aimed at freer market access from the viewpoint of game theory as it influences the political relationship between the two states. Business management specialists might examine the negotiations between two large companies seeking to create a joint venture for exploitation of a natural resource as a case study illustrating the difficulties and benefits of doing business with partners based in different nations. Each approach provides insight into the study of trade negotiation, but as microeconomic trade in an international context grows, it may be that additional analytical perspectives are desired. Although macroeconomic trade takes place in an international context, negotiations related to the conduct of such trade are generally carried out according to clearly defined rules mutually agreed to by the participants. Moreover, the negotiators themselves are most commonly experts in the fields of economics, business, or politics, and experienced in the conduct of such negotiations as well. At the microeconomic level trade negotiations are also frequently conducted in accordance with clearly established procedures by experienced and expert negotiators. In particular, as trade negotiations for the past century and a half have been dominated by the Western Europeans and North American tradition, the context for macroeconomic trade negotiations has become fairly standardized. The General Agreement on Tariffs and Trade was a major influence on such standardization. However, as the lengthy Uruguay Round negotiations leading up to the establishment of the World Trade Organization illustrate, the presence of influential trading partners from non-Western traditions has made the construction of a single set of rules within a single context increasingly difficult. The difficulty in resolving the series of bilateral trade disputes between Japan and the United States of America on the one hand and between Japan and the European Community on the other may also be another case in point. When one considers the trade negotiations that take place among individuals from very different linguistic, cultural, experiential, and educational backgrounds, it becomes obvious that many types of trade negotiations occur which do not take place within the context of an agreed set of rules and may therefore not be subject to fruitful analysis using traditional approaches to the study of trade negotiations. This paper explores the possibility of using an alternative analytical approach, that of ethnography, and suggests some ways in which the techniques of ethnographic analysis might be applied to the study of trade negotiations and thereby contribute to an enlargement of trade negotiation theory.

## The Ethnography of Trade Negotiations

### Assumptions

In suggesting adding an ethnographic approach to trade negotiation analysis to the body of theory concerning trade negotiation analysis, I will be making three assumptions. The first assumption is that some participants in trade negotiations both at the macroeconomic level and the microeconomic level, but especially the latter, do not fully share a common set of rules and concepts for approaching the process of trade negotiation. The second assumption is that the process of trade negotiation is essentially a special subset of the more general processes of interpersonal and interorganizational communication, and that therefore many of the concepts and techniques of an ethnographic approach to the analysis of communicative events may be adapted for an ethnographic analysis of trade negotiations. This latter assumption is equivalent to saying that a trade negotiation is a particular type of communicative event. The third assumption stems from the basic concept of ethnography itself. Namely, many kinds of human behavior are best understood and interpreted in their native context rather than abstracted into an artificial context of "objectivity." In other words, ethnography is a grounded approach to analysis and theory building that seeks to understand human behavior from the perspective of the participants in the behavioral process rather than attributing meaning to the process in accordance with a previously promulgated theory.

## Types of Data[1]

### Background Information

An ethnographic approach to the analysis of trade negotiation should begin with accumulating background information on the participants in the negotiation. Relevant background information should include demographics such as geographical location, climate, population size and composition, governmental type, economic system, etc. For example, one might postulate that a negotiation between the representative of a major Japanese trading house and a grower of coconuts in Tonga might differ in significant ways from one between that same Japanese representative and his counterpart from a major trading firm in the Republic of Korea. Relative population size, climate, and geographical distance could all be expected to have some influence on their negotiations.

### Material Artifacts

Material artifacts also influence the process of negotiation. Does the negotiation occur in a single physical location or does it take place at a number of different locations? Is the location of the negotiation a board room with a circular conference table, on cushions in the guest room of a North-African entrepreneur, a small bar in Tokyo's Ginza nightclub district, a sauna, a fishing boat, etc.? Each location imports a different atmosphere and context with its own meaning and influence on the process of negotiation.

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[1] The following adaptation draws heavily on chapter 4, "The analysis of communicative events" in Saville-Troike, M. 1982. *The Ethnography of Communication: An Introduction,* Basil Blackwell, Oxford pp. 108–167 which in turns draws heavily on the work of the American anthropologist, Dell Hymes.

## Social Organization

Social organization influences the process of negotiation. Do the negotiators function as individual experts, for example, or do the representatives of one party to the negotiation function as a collective? Do social stratification and status influence the relationships between delegates composing one of the negotiating parties. Is the locus of power and influence explicit or diffuse? For example, it has been asserted by some students of Japanese political and business organizations that the source of power in Japanese organizations is diffuse and enigmatic when compared to North American organizations where power can be clearly identified with a particular position or individual in an organization.

Assessing the effect of social organization on a given negotiation may require the acquisition of data by means of network analysis. It may also involve systematic observation of groups and subgroups, as well as identifying individual negotiators, their roles and their relationships with others. For example, the analyst may need to know how effectively information related to the negotiation process flows horizontally across internal organizational boundaries as well as vertically along a particular chain of command within the organization.

## Legal Information

Each nation's legal system will also certainly influence the process of many trade negotiations. The Super 301 provisions of the trade regulations of the United States of America have been employed on several occasions in recent years to influence negotiations related to trade policy with Japan. Restrictions on ports of entry, currency conversion, quotas, tariffs, safety inspection, labeling of goods, etc. are all well known legal factors influencing trade negotiations. Less frequently discussed but just as influential are procedures for resolving and appealing disputes, uses of contracts, basic governmental attitudes toward regulating commerce, and the types of commercial activities considered to be subject to legal regulation. For example, the legal status of intellectual property or the legality of private rebates to public officials varies from nation to nation.

## Published Materials

Obviously, published research in either print or electronic format will provide useful data on trade negotiations. Diaries, official transcripts, meeting records, video and audio recordings, notes of participants, contract drafts, faxes, letters, etc. all can serve as data relevant to the analysis of any given trade negotiation. For many of the materials rendering the material into a form suitable for analysis will be a major consideration. For example, transcripts of meetings may need to be translated into a language understood by the analyst. This process may require careful checking by the translators to ensure that the transcript has been accurately rendered with special attention paid to important cultural nuances and often to the nonverbal context of the verbal transcript as well. Coding of video and audio recordings may be need to be done by a panel of carefully trained observers with safeguards built in to check for consistency. Many documents are legally or diplomatically sensitive and others are private in nature. Care may have to be exercised in identifying sources and participants. Other documentary data may have to be suppressed because of ethical considerations.

Previously published research will be valuable but must also be handled carefully. For example, the research may need to be checked for accuracy and completeness. More frequently, the particular study may have been done from a considerably different theoretical perspective (for example that of Marxist economics) and therefore need to reconciled with the perspective being employed by the present analyst.

### Common Knowledge

Common knowledge or common sense can also be a valuable source of data for analyzing trade negotiations. This is particularly the case when it is obtained from a broad spectrum of experienced participants in the process. Of course, all the usual caveats concerning validity, and typicality of experience apply. Rules of thumb, aphorisms, formulas for prescribed procedures, anecdotes concerning successes and *faux pax*, etc. all can provide insights for hypotheses, insights, interpretations, and theory building.

### Language and Communication

Finally, the ideas and attitudes held by the participants toward language and the communication process also constitute data related to the analysis of trade negotiations. For example, the participants' beliefs as to whether or not the meaning words is mutable or immutable, or whether or not language can be made explicit could be expected to have a major influence on the evaluation the participants have of such major trade negotiation documents as contracts. The beliefs of participants regarding whether or not credibility is communicated primarily verbally or nonverbally could be expected to influence the amount and form of verbal communication used in the negotiation. The attitudes of the participants concerning the roles and qualifications of intermediaries should also influence both the immediate negotiation process itself and any agreements reached regarding procedures for resolving disputes when they arise.

## The Components of Trade Negotiation

An ethnographic analysis of a trade negotiation should begin with a description of the components that are likely to be salient. In my adaptation of the analysis of a communicative event to the particular analysis of a trade negotiation, I assert that these would be:

1. The *genre,* or type of negotiation (e.g., sale of manufactured goods or raw materials, deregulation of a particular trade sector, government to government, private sector to foreign government with home government support, private individual to private individual, etc.)
2. The *referential focus,* (given trade practices, a particular trade regulation, a particular sales transaction, a given market sector)
3. The *purpose* or *function,* in terms of the negotiation in general or of the participants (promotion of free trade, increased profit, political goodwill, increased market share, rapid return on investment, procuring a reliable supply of a valuable commodity, etc.)
4. The *setting,* time, location, length, frequency, etc. (by mail, person-to-person, a business office, a conference room, a neutral capital of a nation friendly to all participants, a revolving venue, annual, periodic, one-time, etc.)
5. The *participants,* (age, sex, number, roles, positions, ethnicity, social status, etc.)
6. The *message forms,* (verbal, nonverbal, electronic, print, language(s), etc.)
7. The *message content,* (quantity of materials, times of delivery, price, regulations, insurance, transportation, liability, resolution of disputes,

policies, related political considerations, etc.)

8. The *act sequence,* (turn-taking, sequence of exchanging messages, time lapse between message and response, alternation of formal statements with informal discussion and question and answer, etc.)

9. The *rules for interaction,* (setting of agendas, permitted communicators and participants, protocol and proprieties, etc.)

10. The *norms for interpretation,* (common knowledge, cultural presuppositions, trade customs, shared understanding, etc.)

**Genre**

The first component to be considered for analysis is what kind of trade negotiation is being studied. The first question to be asked here is whether the negotiation is taking place at a macroeconomic level or a microeconomic level. Although there are certain to be some similarities, we can probably assume that in general a negotiation aimed at simplifying regulation of trade in agricultural products under the aegis of the World Trade Organization will differ in many respects from one between a Canadian rancher seeking to sell several dozen head of prime beef to a buyer for a prestige steak house in Tokyo. There may also be important differences in negotiating long-term contracts and spot sales of commodities such as crude oil, not to mention differences in negotiating for exchange of services and purchase of manufactured goods.

**Referential Focus**

The second component to consider in the analysis of a given trade negotiation is its referential focus. For routine trade transactions such as negotiating the sale of goods, the referential focus will be relatively straightforward, i.e., the product or commodity being sold. For more complex government-level bilateral and multilateral negotiations, the referential focus may be a given market sector such as agricultural products or a set of commercial regulations such as inspection of imports. In general, we can probably further categorize referential focus as either being commodity or service oriented, or procedurally oriented.

**Purpose or Function**

Trade negotiations for the purpose of exchanging a particular commodity, product, or service as well as making a profit are obvious. Less obvious but probably almost as frequent, especially in the case of macroeconomic-level negotiations, are trade negotiations in which some or all of the participants have other purposes or functions. Among these might be the promotion of a particular trade philosophy such as "free trade", "regulated trade", "economic development", "comparative advantage", or more mundanely protection of a particular domestic market for political purposes. In other cases the purpose or function may be more complex. For example, the spot sale of a tanker load of light crude oil may actually be a test case for establishing a longer term trading relationship between the parties. The sale of modern jet fighters to a Middle Eastern Oil State may have as its referential focus the maintenance of political stability in that region. Trade negotiations to secure increased sales of US manufactured automobile parts in the Japanese domestic market may have as their referential focus the US Government's conception of free trade mixed with an appeal to a particular segment of the US domestic political scene.

## Setting

Certainly, the most common setting for a trade negotiation is the business office. However, many routine trade negotiations are handled completely by correspondence and many others are conducted by telephone augmented by faxes and cable messages. More complex trade negotiations such as those to resolve the Japan–US dispute concerning US access to the domestic Japanese automobile market are conducted at multiple venues and at multiple levels of authority ranging mid-level bureaucrats to top-level cabinet ministers. The negotiations of the Uruguay Round of the GATT took place over a period of years at numerous sites around the world and at times with thousands of participating officials. Many trade negotiations take place in informal settings such as golf courses, restaurants, and private homes. Many more probably take place in a combination of formal and informal environments.

The setting can influence the trade negotiation in a number of ways. Formal settings such as conference rooms can promote a sense of seriousness and allow for clearly defined agendas and turn-taking where all parties to the negotiation have agreed to observe an explicit set of rules for interaction. Informal settings may encourage interpersonal interaction for the purpose of enhancing mutual trust and credibility. Mediated negotiations through an intermediate or by means of correspondence or electronic communications may allow time for careful composition of messages transmitted as well as time for reflection upon and consultation on messages received. Negotiations in settings subject to public scrutiny may impose important restrictions on the stances the participants take and the level of formality with which they exchange messages. Rooms that are too warm or too cold or poorly ventilated may have a negative psychological effect on participants or encourage them to reach hasty conclusions. Settings that are considered intimate and informal by participants from one culture may be considered cold and excessively formal by participants from another. A North American business person, for example, might find it very difficult to conduct negotiations for the sale of poultry to a Kuwaiti representative in the hustle and bustle of the latter's office in Kuwait City.

**Participants**

The participants are one of the more obvious components to consider in an ethnographic approach toward analyzing trade negotiations. Factors such as sex and age of the negotiators may be highly relevant in many international trade negotiations. Business people in some parts of the world may find it extremely difficult to grant credibility to representatives from other countries who are of the opposite sex or who are much younger or older than themselves. The ethnicity or religion of potential partners in a trade negotiation may also be significant factors for many types of trade negotiations in many settings. For other negotiations, it may be the professional background, experience, or official status of the negotiators that is more relevant.

Less obvious to many analysts are culturally influenced preferences regarding the qualifications of negotiators. For example, a North American manufacturer of home electronic appliances may send a single senior engineer to negotiate the purchase of parts from a Japanese manufacturer in the same line of business. The Japanese manufacturer, on the other hand, may choose to send a team of fairly junior executives from the company's international or general affairs division to the same meeting. For the North

American company ascertaining the technical details of the agreement may be a paramount concern in selecting the negotiator and a single senior official is sufficient. For the Japanese manufacturer anticipation of a potentially long-term relationship requires that younger, non-specialists who will become specialists on the potential partner be a paramount consideration. Diffusion of responsibility and planning for contingencies requires that a team be sent to the negotiation session.

### Message Form

Message forms are another fairly obvious aspect of trade negotiations. Face-to-face encounters have immediacy and allow the participants in the negotiation to make use of the full range of verbal and non-verbal channels used by human beings for communication. However, when the participants differ with respect to their sensitivity to message channels for either individual or cultural reasons, face-to-face negotiations may be no better or even worse than alternative formats such as negotiation by correspondence or mediated negotiation. Misinterpretation of messages, failure to perceive messages, unintended messages, all may attend face-to-face negotiation sessions. International telephone calls may have immediacy, but that merit may be rendered mute by time zone differences and language problems. Facsimile messages may lack the give and take of telephone calls but allow the sender more leisure in composing the message and the receiver more leisure in considering it. They also are time-independent and provide a permanent record of the transaction. Teleconferencing allows access to additional channels for the messages exchanged and are an amplification of the telephone. Electronic mail has many of the same advantages and disadvantages of the fax. Both teleconferencing and electronic mail are costly at present and demand greater technical knowledge on the part of the participants. Both are also more subject to security problems than telephone mediated messages or correspondence.

A less obvious aspect of the message form component of an ethnographic analysis of trade negotiations are culturally influenced attitudes toward certain message forms. Some cultures value talk more highly than others. Other cultures may have an inherent distrust of technologically mediated messages. For some cultures spoken agreements have little credibility. For others written agreements in the form of contracts may be equivalent to saying that the parties to the contract are inherently incapable of trusting one another.

**Message Content**

Message content has traditionally been the focus of most approaches to analyzing trade negotiations. An ethnographic approach to the analysis of message content will most likely also place great weight on the analysis of messages. The ethnographic approach, however, will probably differ from other approaches in insisting that message content be interpreted in terms acceptable to the originators of the messages rather than in terms of some external, "objective" framework or set of criteria. Written messages, for example, would be analyzed to include how the originators of the message value written messages as well as the degree to which the message originators attempted consciously and unconsciously to adapt to their perception of the value that receivers of the message might place on written messages.

### Act Sequence

An analysis of act sequences should be one of the more useful aspects of an ethnographic analysis of trade negotiations. For example, when a British businessman first meets with a potential trading partner from a Gulf oil state to negotiate a commodities contract, how important will it be that a conversation unrelated to the business at hand precede actual contract negotiations? In trade negotiations between Russia and the United States for trade credits for the purchase of US grain, how important will setting the agenda for talks be on the outcome of the deliberations? Are publicly stated positions negotiable or not? For example, some North American negotiators have found to their chagrin that while *tatemae* and *honne* positions with regard to the eventual outcome of a certain set of trade talks are acceptable, demanding overly explicit *tatemae* positions from Japanese governmental negotiators have backfired because publicly stated positions are not negotiable while privately stated ones are. *Tatemae* positions are, in fact, often deliberately left as vague as possible in order to allow for behind-the-scenes negotiations.

### Rules for Interactions

An ethnographic approach to analysis of trade negotiations may also prove fruitful in clarifying the underlying rules for interaction that obtain in any given act of negotiation as well as identifying rules that potentially conflict. For example, most North American and Western European business people sharply compartmentalize time. Thus, when a British businessman makes an appointment to negotiate the sale of his product he expects that only activities directly related to that negotiation will take place during the time set aside for that purpose. In contrast, business people in the Middle East, North

Africa, Central and South America, and many other regions of the world do not compartmentalize time so sharply. Thus, a Gulf state businessman may consider it perfectly normal to accept telephone calls, sign documents, greet other visitors, and discuss private matters all at the same time as negotiating that same sales deal with the British businessman. Their rules for interaction differ and may at times conflict as well as complement each other.

## Norms of Interpretation

The preceding example of a British businessman negotiating with a businessman from a Gulf oil state may be extended to illustrate an ethnographic analysis of the norms of interpretation component of a trade negotiation. During the time requested by the British businessman for negotiation of a trade contract, the Arab businessman talks about private matters such as family and educational background. The British businessman is likely to interpret such matters as irrelevant to the discussion of the trade. On the other hand, the Arab businessman may consider the information gathered in such conversation, as well as the British businessman's attitude toward providing it, as essential in assessing the credibility of the British businessman as both a short-term and long-term business partner. The issue being explored here is differing and possibly conflicting interpretations of a communicative act.

A more subtle example is related to a common trade requirement of predicting future delivery dates of shipments of commodities such as grain. A common North American approach is to gather information on the speed of the carrier, date of departure, route of carriage, previous passages, etc. and come up with a highly probable date of arrival at destination. Since rental of carriage space is expensive and availability of storage facilities at the destination is often limited, a common point of negotiation in trade contracts relates to penalties for delays. However, business people from some cultures object strenuously to being required to pin down arrival dates so precisely. They may argue that the future is known only to God, and it is presumptuous of mere human beings to tread upon the deity's prerogatives and predict the future. Moreover, any delays that may occur are almost certainly an "act of god" and therefore they should not be subject to penalties for matters beyond their control. Such conflicts in shared understanding and cultural presuppositions do significantly affect the norms of interpretation as they relate to the analysis of trade negotiations.

## Conclusion

The ethnographic approach to analysis of trade negotiations that I have outlined here does have some appeal as an adjunct to trade negotiation theory in that it appears to deal with a number of subtle issues regarding the analysis of trade negotiations that are not handled by more traditional approaches. This may be important as more and more non European and North American nations become major participants in world trade and the negotiations that attend such trade. However, the approach outlined above borrows heavily from the methodology of the ethnography of communication and has yet to tested in practice. Only full scale testing on analysis of actual trade negotiations will yield data about the utility of this approach and its value as an adjunct to trade negotiation analysis theory. Only the results of such application will yield a fuller explication of the theory. It is almost certain that research will result in significant modification of some of the elements I have outlined above.