

# **Investigating Malaysian business negotiation discourse: An ethnographic journey**

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## **Abstract**

This paper reports on a study, which investigates the sales negotiation strategies of Malaysian sales professionals. The aim of this paper is to provide some insights into the methodology used to make sense of the strategies that are used. In particular, the discussion focuses on issues and challenges, which had emerged in the research process, and on my attempts at overcoming or resolving the methodological problems. A first-hand account of the ethnographic research process and experience is provided. The ethnographic journey is punctuated by constraints, blunders, unanticipated difficulties, problems and anxieties associated with participant observations of in-situ face-to-face sales negotiation and occasionally, serendipity. Through this sharing of the 'ups-and downs' in the research process, I hope that would-be ethnographers are alerted to some of the contingencies and problems that are prevalent in ethnographic-oriented research of this kind and thus, would be forewarned and better equipped to deal with such similar problems.

## **Introduction**

In the past, many studies on negotiation have relied on laboratory experiments and simulations to authenticate 'real-life' encounters. Firth (1995) criticized these experimental studies on the basis that on the whole they produced a distorted version of negotiation. Instead, what he advocates is the study of negotiation in concrete 'real-life' settings. Ethnographic studies on negotiation rely mainly on first-hand field observations and offer rich insights into 'real-life' negotiations (e.g. Druckman, 1977; Ikle, 1964; Stein, 1989; Gulliver, 1979, 1988; Zartman, 1975; Maynard, 1984; Firth, 1995; Charles, 1996). This paper reports on a study, which investigates the sales negotiation strategies of Malaysian sales professionals. In this paper I provide some insights into the methodology used to make sense of the strategies that are used. In particular, the discussion focuses on issues and challenges that had emerged in the research process, and on my attempts at overcoming or resolving the methodological problems. A first-hand account of the ethnographic research process and experience is

provided. The ethnographic journey is punctuated by constraints, blunders, unanticipated difficulties, problems and anxieties associated with participant observations of face-to-face sales negotiation and serendipity (Fetterman, 1989; Cottle, 2001; Silverman, 2001). The discussion is presented along the lines of the research procedure that comprises two stages, namely the groundwork stage and the fieldwork stage.

## **Method**

The complexity of sales negotiation can be attributed to its dynamic and unpredictable nature. In order to make sense of the complexities and dynamic nature of sales negotiation discourse, there is a need to consider other aspects of the discourse besides the linguistic aspects of language. Bhatia (2002) suggests that a richer and fuller understanding of professional discourses can only be arrived at by looking at the language from different perspectives: the textual, socio-pragmatic and institutional. Such an approach will enable us to “understand the critical moments of engagement better if we are in a position to see the whole of the elephant, as it were, rather than only a part of it” (Bhatia, 2002:47). The holistic orientation of the ethnographic approach provides a means to gain a comprehensive and complete picture of the sales negotiation process under study. As the study aims to provide a pragmatic description of sales negotiation, an interdisciplinary approach is used, which combines a language and business perspective and integrates a range of analytical tools such as the use of interpretive ethnography, participant observations, interviews, and analyses of discourse using conversation analysis. The data for this study are drawn from ‘real-life’ face-to-face sales negotiations that take place in two Malaysian business organizations.

### **The groundwork stage: charting the course**

Before embarking on an ethnographic journey, the researcher needs to chart the course in the form of a research design. The overall research design of this qualitative study is based on the grounded theory approach, which operates on a principle of openness (Flick, 1998). The study begins with a loose research design, which changes as the study develops. The starting point of a grounded theory research is not a specific theory but a pre-understanding of the subject under study. The researcher enters the field with certain clear objectives of what it is that is being investigated. At the same time, however, the pre-understanding of the facts under study should be considered “preliminary and should be exceeded with new, non-congruent information” that is discovered in the course of the ethnographic process (Kleining, 1982 cited in Flick, 1998:44). In the ethnographic approach, analysis is interwoven with data collection. The research procedure resembles a circular process comprising finding, analyzing and theorizing. There is constant searching, and refining of initial categories. “Thus, each time the researcher enters the field, the modified analytical categories are used as sensitizing devices to inform the collection of data. In this way, the researcher is seeking out links between analytical categories, exploring emerging concepts and theories by seeing how they stand up to further data” (Arksey & Knight, 1999:162). The process ultimately leads to a thick description of the sales negotiation under investigation.

Coming up with a basic research design was not that difficult a task as I had some previous experience doing ethnography. The shape of the research design is typically determined by the research questions (Fetterman, 1989). Also since the research design undergoes changes in the ethnographic process, a basic design is good enough for a start. This would save time since it is better to get started and spend more time in the field rather than linger at the 'drawing board' so to speak. However, the revised research design, which eventually emerged at a later stage, was the result of much hard thinking and a series of trial and error. The research design discussed here evolved after two field studies. It comprises two stages namely the groundwork and fieldwork stage. The groundwork stage includes: finding out about the business organizations; negotiating entry and seeking permission from the 'gatekeepers' who are usually the key people in the company; identifying and specifying the key informants, specialist informants and subjects in the study. The fieldwork stage comprises: pre-negotiation interviews, observations and audio recording of the sales negotiation events and post-negotiation interviews.

### **Confronting methodological and ethical issues**

Prior to entering the field, permission to observe and record the sales negotiations was sought from the managing directors of two business organizations. However, the enthusiasm of the managing directors who allowed me access into their companies, was not equally shared by all the sales professionals who were the actual subjects in the study. Fortunately, there were a few sales professionals who were willing to help as I had worked with them on a previous research project for my master's dissertation. As a result, I was assured of their cooperation in providing quality and valid data. Although this 'halo effect' was helpful on the one hand, it could also result in distortions as the sales professionals in their eagerness to help might try to impress the researcher. To overcome this problem, it was necessary to countercheck the data with the specialist informants, who are "practising members of the disciplinary culture in which the genre is routinely used" (Bhatia, 1993:34). In this case, I sought the help of the General Executive Director and the Managing Director both of whom have more than 10 years of sales experience in the same type of industry. Their 'insider-members' view gave me an in-depth understanding of the sales negotiation events and thus helped in data verification.

Data was collected via interviews and overt participant observations where the researcher and the objectives of the research were made known to the participants. Ethical issues had to be sorted out from the outset before venturing into fieldwork. Ethical approval was sought from the ethics committee and also 'informed consent' was obtained from all participants prior to any observation or recording. Sales negotiations as we know involve two parties - sellers and buyers. In the study the sales professionals are the sellers. At this stage I was confronted with an unexpected ethical dilemma. This involved dealing with the issue of obtaining consent from the buyers. As mentioned previously, I was assured of the sellers' cooperation but when it came to the buyers their identities were not revealed to me until the day of the sales negotiation. As sales negotiation strategies are considered a 'trade secret', the sellers were rather reluctant to let me know who their buyers were beforehand because they were wary of their plans being leaked out to the buyers before the sales negotiation meeting. As it is, getting access to conduct research in business organizations is already difficult because business people are usually suspicious of 'outsiders'. I was

grateful for being allowed to conduct my study and did not want to jeopardize the trust that the sales professionals had placed in me. What this meant, however, was that I had to take my chances and try my luck on the day of the sales negotiation meeting to obtain the buyer's consent. There were, thus, times when I was disappointed when the buyer did not allow me to tape-record the sales negotiation. Recording by hand the sales negotiation in verbatim was nearly an impossible task. To resolve the problem, I told the sales professionals to let me observe the sales negotiations they have with their regular buyers. Because the sales professionals have a close relationship with these regular buyers it was easier to obtain consent from them.

### **Fieldwork stage: navigating through unknown waters**

My experiences in the field have been the most challenging part of the ethnographic quest. I had least expected definitional issues to crop up at the beginning of the fieldwork. It turned out that the sales professional had a hazy idea of sales negotiation. Generally they considered all types of sales encounters as sales negotiation (Ehlich & Wagner, 1995). Sales negotiation in my study refers specifically to the "mutual discussion and arrangements of the terms of a buying and selling transaction or agreement" (Pesce, 1983:165), which in sales is usually considered searching for an acceptable level of price, product or service for transacting business. Thus, in the sales process, the sales negotiation session generally begins after the sales person's proposal has been submitted and an "agreement in principle" or "agreeing to agree" has been achieved with the customer. The negotiation process is then utilized to work out the specific terms and conditions of the sale (Hair et al., 1991:134). I suspected something was amiss when on one occasion the meeting that I observed turned out to be a sales promotion rather than a sales negotiation. This problem of definitional fuzziness had to be sorted out by explaining to the sellers the definition of sales negotiation used in the study.

Prior to the observations, I conducted the pre-negotiation interviews with the sellers. The aim was to find out the purpose of the sales negotiation, the seller's plans (strategies), and the buyer/seller business relationship. The post-negotiation interviews inform on the outcome of the sales negotiation. Field notes were written throughout the fieldwork. An observation checklist was used to note the paralinguistic features such as facial expressions, hand gestures, head movements and other body language. A detailed transcription of the audio recording was undertaken using a modified version of the transcription conventions used by Atkinson and Heritage (1984) and Jefferson (1979). Both the pre-negotiation and post-negotiation interviews were audio-recorded but not transcribed. Instead detailed notes were made. The interviews are semi-structured to allow for flexibility in order that the seller can provide all the necessary information that aids in explaining the sales negotiation.

There were moments of disappointments in the field such as on this one occasion when I arrived at a buyer's office only to find out that the sales negotiation meeting had already taken place even though I was there earlier than the scheduled time. According to the seller when he told the buyer that their meeting would be observed, the buyer who did not know me insisted that the sales negotiation should take place in my absence. Later, from my casual conversation with the seller, I could sense that he had also allowed the sales negotiation to take place before I arrived because he had

some confidential matters to discuss with the buyer regarding payment and felt that my presence would jeopardize his bargaining position.

Hence it is important for the researcher to be sensitive to the participants' situation so that their cooperation is assured and the study can proceed smoothly.

Ethnographic data analysis is extremely challenging. In ethnographic studies the researcher has to figure out the best way to make sense of the massive amount of data that has been collected. The analysis process is not fixed and it involves sifting through the mountain of data, sorting, organizing, spotting salient features and taking note of emerging patterns or themes. In this respect, ethnographic research has been criticized for resembling "a disorganized stumble through a mass of data, full of 'insightful observations' of a mainly anecdotal nature" (Silverman, 2001:68). Steps need to be taken, therefore, to add rigour and validity to ethnographic analyses. To this end, triangulation of data and verification by specialist informants and 'member checks' were used in the study.

### **Findings and discussions**

Writing an ethnographically informed report is a difficult task. The researcher needs to be able to weave together all the findings from the various sources into a clear and coherent report. At the beginning of the writing process I was overwhelmed by the mass of data collected. The writing process was a case of messy beginnings and 'countless' drafts before an organized pattern emerged. The findings reported here have been derived from data collected in the pilot study. Analysis of the pre-negotiation interview helped in the understanding of the prevailing business situation, buyer/seller business relationship, strategies planned by the seller and the seller's goals in the sales negotiation. The seller revealed that he was going to negotiate price and finalize the purchase order, terms of payment and delivery schedule. His business relationship with this buyer could be considered a close one. According to Charles (1996), in order to get pragmatically situationalized descriptions of sales negotiations, it is necessary to refer to the length and stage of the business relationship within which the negotiation is conducted. When asked about his plans, the seller said that firstly, he was going to try to get the buyer to order directly from his company which manufactures the products by allowing him to take over the order which the buyer had given to another manufacturer known as XYZ who was a competitor. The seller explained that it was important to get the XYZ order in order to create the least competition. If the buyer bought direct from XYZ, in future there would be a greater possibility for the buyer to buy from this competitor. However, if the buyer bought from the seller, then the seller would be assured of future purchases from the buyer. The seller planned to give the buyer a minimum discount in order to maximize profit. Besides pricing he also planned to negotiate on the delivery schedule. He knew that the buyer had a rather tight delivery schedule, which he was, however, confident of being able to meet.

When negotiating price, sellers and buyers are bound by institutionalized expectations and obligations (Charles, 1996). What this means is that they will behave according to what are considered by the business community as prototypical behaviours. Thus, when negotiating price, the seller is expected to maximize profit. According to Pesce (1983), sellers usually adopt a company/business policy of never dropping a price

unless circumstances are such that the price needs to be reduced so as to get an order. Sellers will also try not to change a price except in exchange for an order number. Data in the pilot study provided evidence that the seller had tried to keep to these institutional expectations. In Example 1, when the buyer tried to ask for some discount, in turn 3, the seller agreed to reduce the price a little but with a concession thrown in – that the buyer ordered the “switchgear” direct from him instead of from his competitor, XYZ. However, the seller insisted that the price would be the same as the one that the buyer had agreed to with the competitor. Thus, the seller’s strategy here is to show a willingness to reduce the price in exchange for some other concessions. In turn 4, the buyer counters the seller’s strategy by saying that XYZ had offered to give a further price reduction. The seller reacted to this by using the following strategy, that is, he would allow the buyer to enjoy the same discount that the competitor was willing to give. By doing this, according to the seller in the post-negotiation interview, he was still able to make a reasonable profit while at the same time he was assured of the buyer’s willingness to switch the order from the competitor to him. This was also in accordance with the seller’s aim of securing a long-term relationship with the buyer.

### **Example 1**

1. seller I can give you a little bit of discount
2. buyer Ah ha
3. seller **But the XYZ switchgear...whatever price that XYZ has quoted you...you keep to the same price when you order from me is that ok**
4. buyer **Well...like that ah...my boss did instruct...he said...at that time when I called XYZ...they said can give me further discount**
5. seller Can still give you further discount
6. buyer Can still give me discount
7. seller **Well...it doesn't matter...after you get your discount I hope you...before you give them the order I can help...the few...I am giving you... the maximum discount... I can't give you...the best price XYZ gives you...can you follow XYZ's price to give me the order...because ...we have just made a deal you know RM60 million to work with ...**
8. buyer Oh I see...

In turn 7, the seller by mentioning the RM60 million deal which his company had secured was using the strategy to increase his company’s credibility. This was done to increase the buyer’s confidence in his company’s ability to deliver the goods. The seller used this strategy again in Example 2 to impress the buyer when he mentioned that his company enjoyed a good relationship with the “higher ups”.

### **Example 2**

9. seller But we have a good relationship with **the higher ups**...so we can get the price but not that cheap lah

The findings reported here is the result of many tedious hours of poring over pages and pages of data. The transcribed data had to be scrutinized and links established between the different sets of data obtained via the pre and post negotiation interviews,

observations and even field notes. The process can be likened to that of fitting together the pieces of a jigsaw puzzle. The path leading to the moment of revelation when everything just seems to fall into place has been a tough one and there were times when everything seemed so confusing that I was driven to despair. However, with persistence I was able to make progress in the study.

### **Conclusions and recommendations**

The polished ethnographic reports that we read in publications often belie the truth behind the process. Cottle(2001) writes that ethnographic reports rarely tell of the difficulties, frustrations and the actual 'behind the scene' experiences of the researcher. In this paper I have given a personal account of the ethnographic process by highlighting the good as well as the bad experiences. Although this is not my first attempt at doing ethnography, I find that I still had to contend with what is characteristic of the ethnographic experience in practice: "unanticipated difficulties, silly mistakes, and even downright blunders" (Cottle, 2001:149). On the other hand, ethnography also involved "serendipity, creativity, being in the right place at the right or wrong time, a lot of hard work, and old fashioned luck" (Fetterman, 1989:12). Through this sharing of the 'ups-and downs' in the research process, I hope that aspiring ethnographers are alerted to some of the contingencies and problems that are prevalent in ethnographic-oriented research of this kind and thus, would be forewarned and better equipped to deal with such similar problems. However, despite the difficulties and hurdles, I would still recommend the ethnographic approach, as it is a useful method that has provided me with insights and improved my understanding of the sales negotiation phenomenon that I examined in my study.

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## **Biodata**

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