

The Suki System

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Abstract

Auf den Philippinen gibt es eine besondere Form der Geschäftsbeziehung, die als 'Suki' bezeichnet wird. Diese dyadische Beziehung (zwischen zwei Sukis, z.B. Händler und Käufer) beinhaltet einen ungeschriebenen Vertrag, der den Käufer zu regelmäßigem Einkauf bei einem Verkäufer bewegt. Im Gegenzug bekommt der Käufer Preisnachlässe, eine konstant gute Warenqualität und oftmals auch die Möglichkeit auf Kredit einzukaufen. Die Beobachtung der Sukibeziehung liefert Techniken und Werkzeuge, die auf kooperative Verhandlungen oder längerfristige geschäftliche Beziehungen, bei denen eine Reihe von Verhandlungen zu erwarten ist, angewendet werden. Desweiteren kann die Sukibeziehung durch die Erhöhung von gegenseitigem Vertrauen und dem Schaffen einer persönlichen Beziehung, das Erreichen von integrativen Lösungen erleichtern und somit als eine Schablone für erfolgreiche kooperative Verhandlungen gesehen werden. Möglichkeiten, Verhandlungen nach dem Sukischema zu gestalten, werden besprochen.

Introduction

An overly competitive mindset can often lead to sub-optimal results in bargaining situations, as could be shown by Deutsch and Krauss (1960, 1962) using their trucking-game paradigm in which subjects had a limited and predetermined set of options which allowed them to act in either a competitive or a cooperative manner. During negotiations in real world settings, it is usually the case that the parties involved have a wide array of options to either offer or refuse. In order to reach an agreement a minimum of cooperation is necessary. Integrative solutions are agreements that are reached by conflicting parties by compromising more on points that are less important to them and compromising less on points that are of greater importance to them respectively. For example PointA might be more important to PartyA than PointB, whereas PointB might be more important to PartyB than PointA. An integrative solution is reached when PartyA compromises more

on PointB than on PointA and PartyB compromises more on PointA than on PointB ¹. When integrative solutions are possible ², they represent an optimal solution in terms of joint equity. Though one might think that finding an integrative solution is merely a matter of exchanging information in order to determine the importance of an item of discussion to the respective parties, the identification of integrative solutions is often wrought with difficulty (Hoffmann et al., 1999, Thompson, 1997; Thompson & Hrebec, 1996). Some of those difficulties are trusting the other side's offers and overlooking their true interests (O'Connor & Carnevale, 1997; Ross & Ward, 1995). It thus stands to reason that forging a more trusting and empathetic relationship will facilitate the finding of integrative solutions and thus lead to more mutually satisfying agreements.

In the Philippines there is a special business relationship referred to as 'suki' in the Filipino language. According to Ronald (1991), *'in the commercial context, suki relationships (market- exchange partnerships) may develop between two people who agree to become regular customer and supplier. In the marketplace, Filipinos will regularly buy from certain specific suppliers who will give them, in return, reduced prices, good quality, and, often, credit.'*

When a buyer and a vendor enter a suki arrangement, they become each other's suki and will refer to each other as suki. More vividly this means that additional value is created for the vendor, by virtue of the suki arrangement, because of guaranteed sales; which are especially important to vendors of perishable goods (Davis, 1973). Furthermore the vendor can expect free word of mouth advertising by the suki. The buyer can also expect to spend less time at the market because of a diminished need to look for the best quality product at the most competitive prices and can also expect special and personal treatment from the suki (having product put aside for the buyer or allowing the suki to skip to the head of the line).

At the heart of the suki system lies a Filipino social norm (or value) called 'utang na loob' which can be translated as 'a debt of gratitude' into English or into 'the norm of reciprocity' in psychological terms. The specificity of the suki concept to Philippine society, or thoughts on how well it generalizes to other societies with different sets of norms cannot be fully covered in the scope of this work. However, since 'utang na loob' is basically reciprocity, it is reasonable to assume that the suki concept will generalize to any situation where the norm of reciprocity is observed by the negotiating parties, in a manner proportional to the pressure on the parties involved to conform to the norm of reciprocity.³

¹A more illustrative example: PartyA could be an employer; PartyB could be employees of PartyA. PointA might be leave days; PointB might be a wage increase. Points A and B are being discussed at a round table meeting to find an amicable solution to the employees' wanting more leave days and higher wages. Since more leave days (PointA) will end up costing the employer (PartyA) more money than the wage increase being discussed (PointB) it is important to the employer not to compromise on his position of agreeing to as little leave days as possible (PointA). The employees would prefer a wage increase (PointB) to more leave days and are thus willing to compromise more on PointA than on PointB.

²That is, when points are not of identical importance to the parties involved an integrative solution is theoretically possible.

³Other norms or values that most likely play a role are Hiya (shame), Pakikisama (getting along with others), Pakikipagkapwa-tao (regard for others, sense of justice/fairness). For a discussion on the meaning and consequences of these values for Philippine society and culture see Pila & Buraga, 2013. Though it is likely that the specific meaning of these values to Filipinos has a large impact on the suki relationship, the concepts are widely known and adhered to across cultures though to varying degrees, suggesting variable

In the following, tools derived from observation of the suki system will be described as well as a way to use the suki system as a template for mutually beneficial cooperative negotiations where integrative solutions are possible or for settings where more than one negotiation will occur and both sides are prepared to make occasional concessions.

Using the suki system as a tool

When to use the suki tool set. Owing to their origin, techniques derived from the suki system are destined to work well in negotiations that are not strictly adversarial and should increase in effectiveness with increasing degrees of cooperation. Thus, the suki tool set will probably not work 'out of the bag' for or on negotiators operating on short sighted and strict zero-sum or fixed-pie assumptions.

Techniques derived from the suki system

Dagdag. Dagdag literally means to add, supplement or increase. The technique consists of actively asking for something extra in order to 'sweeten a deal'.

It shares some similarities with sequential request strategies as presented by Cialdini (2007). Particularly with the that's-not-all technique. The main difference being that dagdag consists of the buyer actively asking for 'something on top' to seal a deal that has basically already been agreed to by both parties; instead of being a concession or an apparent concession made by the seller to increase the likelihood of a purchase (as is the case with the that's-not-all technique). That is not to say, that a wise vendor will not be prepared for such a request by a suki, so that a concession can be made upon the suki's request. The rationale underlying the that's-not-all technique is that the notion of reciprocal concessions will lead to the buyer purchasing an item because the only way for the buyer to reciprocate the vendors unrequested, apparent concession is to make the purchase. The mechanism behind dagdag appears to be more farsighted, resource-oriented⁴ and ultimately of greater mutual benefit. Dagdag is more farsighted in that it builds mutual commitment toward a mutually beneficial arrangement. The vendor's making a concession increases the buyer's commitment to return to the vendor and increases the vendor's commitment towards the buyer because a concession was actually made. A concession that the vendor only makes to his sukis.

Sa susunod. Sa susunod is best translated as 'next time'. It can imply a situation in which some sort of credit was granted but it can also generally imply that the other party's needs will be met 'next time' because of current circumstances, though not necessarily in the form of immediate reimbursement. When used as a negotiation technique sa susunod could take the form of greater concessions made for the next deal by the party that promised sa susunod; in return for greater concessions made on the current deal by the party that agrees to have its needs met the next time around. This level of trust is built up between parties over the course of time and is also influenced by the parties' marketplace reputations and

efficacy of the techniques discussed in this paper, depending among other things on the cultural background and cultural sensitivity of the negotiating parties.

⁴Dagdag by its nature and origin is almost intrinsically resource-oriented. Rotten produce, fruit, meat or fish is essentially of no value to vendors and buyers alike. Thus it is common practice for vendors to give concessions to their sukis in the shape of perishable goods; which also constitutes an integrative solution.

circumstances. For example, if a long standing suki asks for monetary concessions because baby food must be purchased the concession is usually given and reciprocated 'sa susunod'. Thus it can be argued that mutual trust between sukis allows the mere promise of future business to outweigh both immediate monetary gains and the risk of potential losses.⁵

Suggesting a suki relationship. Though a suki relationship usually takes time and many business transactions to be solidified, suggesting a suki like relationship and backing it up with concessions could be used as a measure to build trust and at the very least hasten the development of a suki like arrangement.

The suki concept as a negotiation template

Why suki arrangements are an example of mutually beneficial, cooperative negotiations has been considered in the introduction. If the assumption holds true, then identifying factors that are common to relationships where negotiations can be expected (including the suki relationship) and tweaking those factors, to states more akin to those in suki relationships, should produce mutually beneficial results for negotiations in all of those relationships. Anecdotal observation suggests that two main factors could be trust between negotiating partners and how personal the relationships are. Since suki relationships are quite personal and entail a large amount of trust, those factors should be increased in order to achieve suki like outcomes. To make relationships more personal, several rapport building techniques such as mirroring or name and word repetition or even regular small talk can be used to speed up the development of a personal relationship between negotiators. Building trust takes more time but following words with actions and demonstrating honesty and integrity are sure ways to speed things up.

On a different note, getting into a suki mindset and demonstrating genuine warmth and openness as well as cooperation while at the same time not being overly accommodating is likely to be reciprocated and thus facilitate a collaborative mindset thereby increasing the likelihood of finding mutually beneficial solutions.

Discussion

Some Philippine companies today offer so called suki cards, which are usually just generic customer loyalty cards, in order to capitalize on Filipinos' positive associations with the suki concept, to feign a more personal and loyal relationship with their customers. The suki system however is built on a genuine and trust-based interpersonal relationship. On the one hand the success of the suki system through the centuries is a strong argument in favour of long-term business relationships over possible short-term gains (within reason) and an argument for making business more personal. On the other hand a suki relationship can mean not always getting the very best deal possible, every single time. Both buyers and sellers will occasionally take a small loss⁶ in order to keep the relationship going, knowing that they stand to benefit from it in the long-term. Across the globe, there are many different ways of conducting negotiations. There are techniques and concepts unique to

⁵In other words, repeat business has a higher expected utility than the expected value of the immediate gain and the expected value of the absolute value of a potential loss, combined.

⁶Vendor: Might have to sell products at wholesale rates; Customer: May occasionally have to buy products slightly above average market price

those ways. Research and observation of those techniques and concepts may offer insights into valuable negotiation tools and will at the very least help to further our understanding of negotiations as a whole.

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