INTERCULTURAL NEGOTIATIONS: A CULTURAL APPROACH

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Abstract: The peculiar characteristic of international business negotiations lies in their being influenced by a wide diversity of environments, which require changing perspectives that determine the selection of appropriate tactics and strategies. When negotiating internationally, what is right, reasonable, or appropriate are parameters largely dependent on the cultural values of the country in which the act of negotiation takes place. This article intends to explore different negotiating styles evolving from various cultures: some favoring the search for compromise, others opting for consensus, while others fighting until the "opponent "surrenders.

Key words: cross-cultural negotiation, cultural systems, cultural assumptions, masculine/ feminine cultures, individualistic/collectivistic cultures

1. Theoretical premises

Since all human interactions are inherently intercultural, one can rightly consider that even the meeting of two individuals is an intercultural exercise since they both have different ways to perceive, name and reinvent reality. Negotiations with an employer, family member, friend, fellow employee, union representative, official from a foreign country, and so on are to a large extent determined by intercultural variables. Therefore, we need to live with the knowledge that we have to negotiate and that in every negotiation (domestic or international), the participants have different points of view and different goals.

Moran and Stripp (1991:91) consider that negotiations occur within the space delineated by the four Cs: common interest, conflicting interests, compromise, and criteria. Common interest refers to the fact that each party involved in the negotiation process has, or wants something that the other party possesses or claims. Conflict occurs when people disagree on matters of reciprocal interest such as payment, distribution, profits, contractual responsibilities, and quality. Compromise goes hand in hand with the attempt to find a solution to areas of disagreement. Finally, such criteria include the conditions under which the negotiations take place. Although all negotiations in general take place within the context mentioned above, each and every negotiation in particular is determined by the political, economic, social, and cultural systems of a country. The theory of the negotiation process (Hendon &Hendon1996: 14) includes the following elements: (1) bargainer characteristics, (2) situational constraints, (3) the process of bargaining, and (4) negotiation outcomes. The situation likely to ask for bargaining is a conflict of interest exists between two or more parties. Negotiations are influenced by factors like: communications and actions involved in the act of bargaining, preexisting background factors of cultural traditions or relations and specific situational conditions under which the negotiation is conducted.

2. Negotiation patterns: cultural conditioning

By means of negotiation, two parties attempt to reach an agreement on matters of mutual interest. Negotiations involve two elements: the substance of negotiation as such and the process. The latter is irrelevant when negotiations are conducted within the same cultural setting. Only when dealing with someone from another country, with a different cultural background does the process usually become an obstacle to the matter to be negotiated and this becomes more evident in intercultural negotiations, when cultural differences must be bridged. A negotiating style is deeply embedded in a cultural system, as it is shaped by each nation's culture, geography, history, and political viewpoints. In any cross-cultural context, misunderstandings are likely to occur since the process of negotiation is always heavily influenced by new behaviors and social environments.

The process of international business negotiation is largely influenced by two groups of variables:

1. *Background factors.* This category usually includes the parties objectives, third parties involved, such as consultants, agents, and the respective government as ell as the position of the market (seller's vs. buyer's) and finally, the skills and experience of the negotiators.

2. *Atmosphere-related factors*, which refer to patterns that structure the relation between negotiators (cooperation / conflict, power and dependence) and perceived distance (that the parties are unable to understand each other). Finally, this category also comprises the expectations of the parties, long-term expectations of the true deals or benefits and short-term expectations concerning the prospects of the present deal.

It is naive indeed to start an international negotiation with the simplistic assumptions that "people are and behave very much alike everywhere." Despite possible similarities in term of language preference and clothing style, there are innumerable specificities that dissociate people from different cultural backgrounds. A negotiation style deployed effectively "at home" can be thoroughly inappropriate when dealing with people from other cultures. Consequently, extra sensitivity, more attention to detail, and perhaps even changes in basic behavioral patterns are required when working in/with other cultures. When negotiating with someone from your own country, it is often possible and acceptable to proceed by making reasonable cultural assumptions. But the situation can backfire when two cultures are involved, since making assumptions about another culture is often counterproductive due to the fact that it can lead to misunderstandings and failed communication. The international negotiator must not allow cultural stereotypes to influence his or her relations with local businesspersons.

Culture influences negotiation in three ways: by determining one's perception of reality; by dismissing information inconsistent or unfamiliar with culturally accepted notions; by projecting meaning onto the other party's words and actions. Discussing

the range of differences between the American and Russian cultures, Hendon and Hendon (1996:145) states:

> American and Russian people are not similar; their ethical attitudes do not coincide: they evaluate behavior differently. What an American may consider normative, positive behavior (negotiating and reaching a compromise with an enemy), a Russian perceives as showing cowardice, weakness, and unworthiness; the word "deal" has a strong negative connotation, even today in contemporary Russia. Similarly, for Russians, compromise has negative connotation; principles are supposed to be inviolable and compromise is a matter of integrity […] When the Americans thought they had an understanding, the Russians said it was a procedural matter, meaning they had agreed to a process for conducting the negotiation.

According to the same theoreticians, the most common obstacles in cross-cultural negotiations are:

- Insufficient understanding of different ways of thinking
- Insufficient knowledge of the host country--including history, culture, government, status of business, image of foreigners.
- Insufficient recognition of political or other criteria.
- Insufficient recognition of the decision-making process.
- Insufficient understanding of the role of personal relations and personalities.
- Insufficient allocation of time for negotiations.

The critics also consider that nations tend to develop a "national personality portrait "that influences the types of goals and processes the society pursues in negotiations. In international negotiations, one brings to the negotiating table the values, beliefs, and background interference of one's culture which guide our presentation and interpretation of data. Cross-cultural negotiators bring into contact unfamiliar and potentially conflicting sets of categories, rules, plans, and behaviors. Difficulties sometimes arise from the different expectations which negotiators have regarding the social setting of the negotiation. These patterns can encompass styles of decision making (the way officials and executives structure their negotiation communication systems and reach institutional decisions) and logical reasoning (ways of conceptualizing issues, of using evidence and new information , of prioritizing arguments pertaining to legal, technical or personal matters).

3. Different examples of negotiating patterns

As previously argued, in cross-cultural negotiations, many of the skills which are guaranteed to make a negotiator ideal within the confines of his/her country may prove worthless or unacceptable in foreign cultural settings. For instance, the stereotypical image of a successful European / American negotiator is that of a persuasive and argumentative communicator, highly skilled in debates, able to overcome objections with eloquence. Yet, these "valuable" assets (in a Eurocentric perspective) may be regarded by members of other cultures as unnecessarily aggressive, superficial, insincere, vulgar or repressive. To the Japanese, the very same traits indicate lack of confidence in one's convictions and insincerity. Instead, terms such as thoughtful,

cooperative, considerate, and respectful are the "must have "traits in the Japanese and many Asian cultures. The two types of business negotiators therefore distinguish different ways of conceiving the world, of setting business goals, of expressing judgment and emotion, of unveiling or hiding expectations and interests. (see Hendon and Hendon1996: 86)

The cultures that capitalize on dialogue, mediation and compromise (as American and many European cultural systems do) acknowledge the importance of negotiation as the most agreeable method of settling disagreements or minimizing/alleviating conflict between two parties engaged in a dispute. If negotiations are exploratory, they serve to formulate viewpoints, delineate areas of agreement and may aim at working out practical arrangements. The success of any negotiation depends upon whether (a) the issue is negotiable (b) the negotiators are interested not only in taking but also in giving/conceding/compromising.

Hofstede (2001) devised four cultural dimensions that explain many differences between cultures: masculinity / femininity, uncertainty avoidance, power distance and individualism. Masculine cultures value assertiveness, independence, task focus and self-achievement while feminine cultures value cooperation, solidarity, modesty and quality of life. Whereas masculinity is connected to assertiveness and competitiveness, femininity is related to the cultivation of empathy and social relations. Masculine societies tend to implement a more clearly defined division of sex roles and capitalize on the principle "live-to-work" while feminine societies subscribe to "work to-live" theory. The most masculine country is Japan, followed by Latin American countries and the most feminine societies are Scandinavian countries.(see Hendon and Hendon 1996:181-2)

Uncertainty avoidance refers to the degree to which one prefers risky and ambiguous (uncertain, unpredictable) situations. In high uncertainty-avoidance cultures, people tend to dislike and avoid uncertain situations while in low uncertainty-avoidance cultures, people are generally more comfortable with uncertain situations and are more willing to take on risks. Low risk-avoiders require less information when solving negotiation tasks, have fewer people involved in the decision making, and can act more quickly. People in high risk-avoidance cultures tend to rely on many formal bureaucratic rules/ rituals/ standards and formulas. Low uncertainty avoidance societies dislike hierarchy, which they consider inefficient and destructive and have a greater degree of tolerance for deviance and new ideas. Uncertainty avoidance focuses on competitiveness and hinders the exchange of information in the development of creative proposals. A problem solving orientation will be found in cultures characterized by low uncertainty avoidance and low power distance. The United States, the Scandinavian nations, Hong Kong, and Singapore all have low uncertainty avoidance. (see Hendon&Hendon 1996: 147)

Power distance refers to the category comprising the "empowered "individuals and the ones affected by power. In the low power distance pattern, one strives for an equal distribution of power and justice while high power-distance cultures are status

conscious and respectful of age and seniority. In high power-distance cultures forms of status such as protocol, formality, and hierarchy are of utmost importance. Decisions about who should be praised or remonstrated are based on personal judgments made by power holders. The acceptance of the high power distance patterns implies a willingness to concede that the more forceful party is entitled to a larger share of the benefit than the other party. A low power-distance culture values consultative management styles competence over seniority. Low power-distance cultures include the Anglo-American, Scandinavian, and Germanic cultures. High power-distance cultures are Latin American, South Asian, and Arab cultures. Low masculinity and low power distance are related to the sharing of information, to a cooperative and creative behavior. High masculinity and high power distance are usually connected to competitive behavior, threats and negative reactions.

In individualistic cultures, there is a tendency to value task over relationship and to treasure independence highly. Individuals in such cultures are expected to fend for themselves, to cater for the needs of the individual over that of the collective--the group, community, or society. These individuals are self-motivated and any relationship is defined by self-interest. Collectivism is based on in-group solidarity, loyalty, and strong interdependence among individuals. Relationships rely on mutual self-interest and on the success of the group. Collectivist cultures define themselves in terms of group membership and distinguish ingroups from outgroups. Individualistic cultures tend to value open conflict while collectivist societies tend to minimize conflict. The former category tends to have linear logic while the latter societies tend to strive for abstract, general agreements to the detriment of concrete, specific issues. Collectivist negotiators consider that once a general plan has been agreed on, then details can be worked out in the future. Collectivist societies show more concern for the needs of the other party and focus on group goals rather than on personal gains. Members from collectivist societies have problems accepting individualist culture negotiating members who promote their own positions, decisions, and ideas, sometimes openly contradicting one another. The United States, United Kingdom, Netherlands, France, and the Scandinavian countries are highly individualistic whereas Latin American and Asian countries tend to be highly collectivist.

The concept of bargaining is differently understood by people from different cultures. In traditional Arab culture, for instance, the bargaining, the give-and-take "ritual", serves many functions, not the least being the opportunity for both sides to get to know each others as individuals. The process of bargaining establishes personal relationships built on a mutual perception of virtue, honesty, and personal merit. For the Japanese, bargaining too soon and too fiercely is a sign of untrustworthiness. Yet the Scandinavians dislike bargaining at all. Such differences in the expectations of the negotiations process must be considered and accepted prior to starting the bargaining stage with others from a different cultural background.

Moreover, the Arabs prefer direct, face-to-face discussions, but tend not to bring open disagreements into a formal session. In fact, rather than admit that they disagree, many Arabs will say they agree, but then take actions that suggestively hint that they

do not agree at all, hoping that the other party will get the message. In Algeria, an American consultant once said: "My clients never disagree with my recommendations. They just do not try to implement the ones they dislike." (see Hendon&Hendon 1996: 35)

The Japanese are willing to meet face-to-face, but they also use third parties much more frequently than Americans do, since they prefer to use it as a buffer. They are uncomfortable with open conflict and hardly ever express it directly. They mainly talk about it, or do not react at all, or give indirect hints that they disagree. In fact, they hardly ever say no directly; one must infer it from the way they say yes. In Tokyo, the running joke (though true) is the Japanese have twenty ways to say "No" without having to say it.

In Japan and the Arab countries, direct negotiations are combined with social activities, and a distinct focus is laid on good manners and courtesy. One purpose of these activities is to demonstrate hospitality and a more subtle purpose is to determine whether you are the sort of person with whom they wish to do business. Consequently, the social process can be as important as the negotiations process.

The Russians tend to regard negotiations as debates. Their ideological orientation guides them into believing that giving and taking are seen as immoral, a compromise of their principles. Instead of trading concessions, they restate their original position, with all of the arguments supporting it.

4. Conclusions

A successful negotiation should start from acknowledging the sense of difference of the members gathering round a table. Unless one is willing to be empathic enough so as to see the world through the other's eyes), one may never become a sophisticated negotiator. Even so, no one can avoid bringing along his or her own cultural assumptions, and prejudices into any negotiating situation. The way to succeed in cross-cultural negotiations is by fully understanding others, and by using that understanding to one's own advantage to realize what each party wants from the negotiations, by turning the negotiations into a win-win situation for both parties.

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