

CULTURAL ASPECTS IN BUSINESS NEGOTIATIONS

1. INTRODUCTION

This study attempts to compare a number of the international business negotiation issues identified in the literature with a special emphasis on the culturally specific characteristics in them. As a starting point, however, I should emphasize that these characteristics in many cases may be generalizations that are not applicable to all members of a particular community. This issue was also addressed by MAHONEY et al (1998), who encountered a similar dilemma when dealing with HOFSTEDE's (1980) cultural dimensions. As they put it, 'these dimensions do not represent absolutes, but instead reflect tendencies within cultures. Within any given culture, there are likely to be people at every point on each dimension' (MAHONEY et al 1998, p. 538).

Today the managers of the companies are required to function in a variety of multicultural situations and to operate in work environments where the ability to set up objectives, to take responsibility, to evaluate one's work, to co-operate with others, to take the leadership, to manage either projects or people, in short, to possess a high level of autonomy, are essential elements of success. The widespread growth of international partnerships and the difficulties encountered during the negotiation stages have led to the realisation that linguistic competence is not the sole factor of influence in a cross national negotiation. The ability to share information through the medium of a common language does not necessarily imply an understanding of the culture of one's partner.

The purpose of this paper is to briefly describe the most relevant views and approaches to the cultural aspects of negotiation in the literature by providing first, definitions of negotiation; second, an overview of the empirical research in the field of cross-cultural negotiations; third, the major culture-related concepts as regards negotiations are discussed, and finally, some implications for practitioners are presented.

2. DEFINITIONS OF NEGOTIATION

The extent of cultural bias in understanding and use of the term *negotiation* seems to depend on the explicitness of one's conception of the process. In his pioneering work on international negotiation, ILKE (1964) has defined negotiation as 'a process in which explicit proposals are put forward ostensibly for the purpose of reaching an agreement on an exchange or the realization of a common interest where conflicting interests are present' (p. 3). ILKE's definition highlights some essential, seemingly cross-cultural aspects such as interaction, conflicting interests, agreement but his emphasis on explicit proposals may be culturally bound, depending on how the individuals perceive the world, including the way in which they see, evaluate and decide.

Stressing the importance of the social aspect of negotiation WALTON and MCKERSIE (1965) argue that negotiation is 'the deliberate interaction of two or more complex social units which are attempt-

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ing to *define or redefine terms of their interdependence*' (p. 3). They go on to say that negotiation is a competitive process of offers and counter-offers in which one party's gains are the other's losses, which they call 'distributive bargaining'.

SPERBER (1979) on the other hand, takes a more behavioural view when he provides his definition. For him negotiation is 'the science of accurate observation, realistic assumptions, correct factual analysis, logical inferences, planned behaviour, and optimal presentation for each moment of a changing bargaining situation' (p. 69). In my view, so behavioural a view probably will encompass very few encounters within, say, the Mexican or Arabic cultures where negotiations are seen as formal occasions for distinguished rhetorical performances concerning grand ideas, and where behind-the-scenes bargaining is so much appreciated (GLEN, 1980; LEE, 1980).

For CHOI and KELEMEN (1995) negotiation appears to be the appropriate approach to doing business only when relationships and commitment are very important, the time is sufficient, the trust level is high, the power distribution is low and the outcome is win-win. All these features emphasize the importance of equality between the parties, and the expression of respect for each other.

From these differently focused definitions it becomes evident that culture influences the very core of an individual's actions towards others and his expectations concerning their actions toward him.

3. EMPIRICAL RESEARCH ON NEGOTIATION

Starting from the 1980's, more and more teachers and researchers were taking advantage of investigations on cross-cultural differences to develop materials on business English for specialists. In 1986, for example, NEU developed a study which focused on oral American-English cross-cultural negotiations in order to highlight the 'cultural and linguistic patterns which are not always shared' (p. 42). As a result of her investigation, NEU claims that 'negotiations can be optimally successful only when all participants are well-informed and understanding of each other's cultures and attitudes towards negotiations.' (pp.55-56).

A few years later in 1993, GARCEZ developed an ethnographic microanalysis of a cross-cultural business interaction and discussed differences in pointmaking between Americans and Brazilians focusing on the pragmatic meanings of language organization in terms of power display, power sharing and tactical deference.

A Finnish researcher, LAMPI (1993) analysed recorded oral exchanges between Buyer and Seller in U.K. companies to show the importance of teaching 'meaningful language in a meaningful context' (p. 167). In her article she claims that we need to know much more about the pragmatic power relations between the negotiating parties so that the non-native managers could be powerful in the face of their native speaker counterpart.

4. BASIC CONCEPTS OF THE NEGOTIATION PROCESS

Based on the literature, business negotiation process seems to rest on four related, cultural factors (WEISS and STRIPP, 1996). The first determining factor is the negotiating parties' *attitude toward conflict* (functional vs. dysfunctional, zero-sum vs. nonzero-sum); the second one is the *prevailing response* (direct vs. indirect, confrontational vs. avoidant) the partners give; the third is the view of *business relationships* (competitive vs. collaborative); and finally, the *purpose of negotiation* (maximization of individual vs. joint benefit, attending to relationships vs. performing). Now these issues are going to be discussed one by one.

4.1. Attitude toward conflict

In every culture a limited number of general, universally shared human problems need to be solved. One culture can be distinguished from another by the specific solution it chooses for those problems.

According to FISHER (1980), the French seem to consider negotiation a debate requiring very careful preparation and a logical presentation of one's position. At the same time, they tend to respect dissent and search for well-reasoned solutions. One positive aspect of such negotiation is that it enables the parties to use argumentation and communication strategies successfully, however, some of the opinions will never be reconciled. As opposed to this 'combat-like' attitude, the Japanese often wait for the counterparts to present their positions first (BLAKER, 1977). Instead of addressing issues directly, they prefer to infer the parties' positions. This tendency can also be perceived in the Chinese view of negotiation, which is characterized by a longstanding cultural aversion to conflict. At some point, details of the negotiation are bargained out, often discreetly, away from the table (DE PAW, 1981).

When faced with a problem, Americans like to get to its source, which means they face the facts, put the cards on the table (STEWART and BENNETT, 1991), nothing can be hidden. The strategy of confrontation seems to call for a temporary neutralization of social relations to allow the real facts of the case to emerge but the surface cordiality in any case has to be preserved.

In the Arabic countries the basic guidelines on problem solving are written down in the Koran (IQBAL, 1975). It advises inattention to ignorant people who taunt and cause difficulties and forgiveness of those who insult and injure. Also, one must show tolerance and possess a readiness to understand the point of view of one's opponent.

4.2. Prevailing response

This second factor relates to how negotiators interact with counterparts at the table; whether they tend to adopt direct and simple methods of communication (e.g. the Germans and Americans), or rely on indirect, more complex, methods (e.g. the French, the Saudis and Japanese). In cultures that rely on indirect communication, such as the Japanese, 'reaction to proposals may be gained by interpreting seemingly indefinite comments, gestures, and other signs' (SALACUSE 1998, p. 230). One of the oft mentioned expressions of indirect communications is the reluctance of most Asians to say 'no' directly, particularly the Japanese, Thais, and Javanese. The notable exception in this regard being the Koreans, who according to one study, were three times more likely to say 'no' as the Japanese (KOTLER, ANG, LEONG and TAN, 1996, p. 902).

The Saudis are also very sensitive to directness and open confrontation, and tend to respond to it indirectly. The Holy Book of the Arab world, the Koran demands the following qualities of a negotiator: understanding, sympathy, mildness and moderation as opposed to force, compulsion, arrogance and conceit (IQBAL, 1975). One must proceed slowly and cautiously, show tolerance and aim at winning over the opponent's heart.

4.3. Business relationships

Dealing with East-West business relationships, ENGHOLM (1992) outlines two possible types of relationships in the business communication process. The first is characterized by formality, politeness and a need-to-know level of transparency. He argues that although there is a degree of loyalty between parties, their respective business interests come first. PYE (1992), for instance, proposes that the Chinese use notions of friendship developed during the early stages of the negotiation to gain better terms later on. As regards the Saudis, for them the relationship-based issues are paramount. Their negotiations reflect it as the subject may be brought out in an 'incidentally' or 'by the way manner', even though the problem at hand is an important one (IQBAL, 1975).

As far as the second type of relationship is concerned, ENGHOLM (1992) claims that it is 'a truly personalized relationship that is completely transparent and is founded on loyalty and reciprocity. Trust between the partners is never feigned' (p. 11).

A prominent feature of cross-cultural negotiation in terms of relationships is how the parties see each other's goals. Whether the negotiators consider them as incompatible, therefore, each party is put in competition with the other, or the parties have compatible goals therefore, they cooperate with each other to devise a mutually beneficial solution.

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The latter, the so-called win/win negotiating attitude is the hallmark of FISHER and URY'S (1981) book on principled negotiation, which is now regarded as the most effective way for Americans to do business with people from other cultures (PECHTER, 1992). This assertion might be criticized as the parties can have both cooperative and competitive interests at the same time. The Japanese, for example tend to have a mixture of win/win- win/lose orientation in that they genuinely want a long-term relationship. So in that sense it is win/win. But in the sense of pricing it is win/lose as they tend to offer a price close to what they need and often resist adjusting it (BLAKER, 1977). They want to win, and they want the supplier to lose. But in terms of negotiating or longevity of the contract or the arrangement, they're really looking for a win/win situation.

In establishing a good relationship between the business partners, attitude towards time also plays a crucial role. According to PAIK & TUNG (1999), East Asians view time 'as polychronic, non-linear, repetitive and associated with events; Americans, on the other hand, view time as monochronic, sequential, absolute and prompt' (p. 111). The reason for this is indirectly culturally based, in that, most Asian negotiators have a cultural preference to establish a relationship before they begin the negotiations proper (KOTLER *et al*, 1996; MARTIN *et al*, 1999; MEAD, 1998). The Americans have a reputation for taking unnecessarily small profits in order to satisfy head office needs for a deal and to rush on to the next deal (GRAHAM and HERBERGER, 1983). Their obvious impatience is used against them by negotiators whose cultural concept of time and its value are much longer term, and who only have to wait in order to get agreement on their own terms.

4.4. The purpose of negotiation

The ideal outcome of a negotiation process is when both parties aim at a mutually beneficial solution, which caters for the mixed motives; neither of them wants to gain at the expense of the other. Before the final decision is made, in many cases, concessions are used by different international business negotiators. According to MEAD (1998) 'cultures vary in terms of what concessions they might offer, and of what value' (p. 247). For instance, the literature indicates that while the Chinese simultaneously negotiate on a manifest level involving concrete details and on a latent level concerning emotional bargain, the American negotiators tend 'to make small concessions early to establish a relationship and to keep the negotiation process moving forward smoothly' (PHATAK & HABIB 1996, p. 34).

The desired form of a negotiated agreement is based on many concerns and practices, such as trust, communication, credibility or commitment. They seem to cluster around two categories i.e. explicit and implicit forms. The former include written contracts, which outline the roles, rights and obligations of each party. According to a number of authors (CHEN, 1993; MARTIN *et al*, 1999; PHATAK and HABIB, 1996; SALACUSE, 1998), American business negotiators, for example, commonly favour and expect such written, legally binding contracts. In contrast to this, the latter forms are more characteristic for the negotiators from Asian cultures who are believed to have a more fluid (as opposed to watertight) view of contracts and, therefore, place more emphasis on establishing a sustainable business relationship rather than a contract (BUSZYNSKI, 1993; CHEN, 1993; MARTIN *et al*, 1999; PAIK and TUNG, 1999). Additionally, people from these cultures are said to have a cultural expectation that the renegotiation of an existing contract is reasonable if conditions change or unforeseen events affect the perceived profitability of the venture. (KOTLER *et al*, 1996; MEAD, 1998; PECHTER, 1992).

Bound by their words, the Saudis prefer to cement their agreements orally. To ask for a written document may be to insult a counterpart. The Koran treats a Muslim's commitment to another individual as equivalent to a 'covenant with God' (ISBAQ, 1975). Despite these incentives, I think, individuals should write up an agreement if they want to feel comfortable and safe and avoid any inconveniences. From my personal experience the Arabs tend to give greater weight in thought and speech to wishes rather than to reality, to what they would like things to be rather than to what they objectively are.

5. CONCLUSIONS

This paper has touched upon on aspects of negotiation both in the eastern and western cultures, however, without aiming at completeness because of the complexity of the issues addressed here. In preparing for cross-cultural negotiations, particularly when you are negotiating in another country, the sociological parameters of *who, what, why, how, when* and *where* have to be taken into consideration. Also, one should be aware of the fact that each party stands to gain from the negotiation, and have reasons for both cooperating and competing.

The differences between the negotiating styles of the various nations need to be studied empirically and evaluated for their significance in order to capture them more adequately without overgeneralizing. At the same time, the results obtained from these empirical studies should not be interpreted as a definitive description of reality or a prescription on how to carry out international business negotiations.

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