

Intercultural Negotiations

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Abstract

Negotiation skill improvement is more and more regarded as the development of the management activity. An impressive argument for those skills meant to ensure an efficient negotiation is the fact that they lead to better cooperation among colleagues, subordinates, superiors and business people inside and outside companies. In addition, these skills can help someone be seen as an arbiter, a person who is capable of finding solutions to current problems arbitrarily, but still oriented towards result.

Negotiation is often inefficient, despite its importance for management, but this happens because little attention is paid to the negotiation techniques based on empathy. Intercultural negotiation refers to observing business ethics – the moral principles and codes of conduct governing the relations among people within organizations.

Certain cultural characteristics of different countries have been established as a result of intercultural research.

Keywords: negotiation, negotiator, culture, business, negotiation style

J.E.L. Classification: M21, F51

1. Introduction

Almost everything is negotiated in a market or mixed economy. Doing successful business, managing a team which is more or less numerous depend on abiding certain rules. These rules are part of the value system of the company, society or nation.

Negotiations are meant to solve the complex problems that appear as a result of an objective need for a continuous development of the relationship among people, especially the economic relationship. Negotiation must be regarded as an efficient communication tool which provides the best result according to the negotiation partners.

Based on intercultural research, certain cultural features specific to different countries have been established. There are various criteria that may be used when doing such research, but, perhaps the most famous classification is that of Geert Hofstede, who identified **five cultural dimensions**:

1. Power Distance Index (PDI) represents the degree to which the less powerful members of organizations and institutions (like the family) accept and expect that power is distributed unequally. This represents inequality (more versus less), but defined from below, not from above. It suggests that a society's level of inequality is endorsed by the

followers as much as by the leaders. Power and inequality, of course, are extremely fundamental facts of any society and anybody with some international experience will be aware that 'all societies are unequal, but some are more unequal than others'

2. Individualism (IDV) on one hand, versus its opposite, **collectivism**, that is the extent to which individuals are integrated into groups. On the individualist side we find societies in which the relations between individuals are loose: everyone is expected to take care of himself /herself and his/her immediate family. On the collectivist side, we find societies in which people from birth onwards are integrated into strong, cohesive in-groups, often extended families (with uncles, aunts and grandparents) that continue protecting them asking for unquestioning loyalty in exchange. The word 'collectivism' here has no political meaning: it refers to the group, not to the state. The issue addressed by this dimension is an extremely fundamental one, regarding all societies in the world.

3. Masculinity (MAS) versus its opposite, femininity refers to the distribution of roles between the genders which is another fundamental issue for any society to which a range of solutions are found. The IBM studies showed that (1) women's values differ less than men's values among societies; (b) men's values from one country to another contain a dimension from very assertive, competitive and maximally different from women's values on the one side, to modest and caring and similar to women's values on the other. The assertive pole has been called 'masculine' and the modest, caring pole 'feminine'. The women in feminine countries appreciate the same modest, caring values as the men; in the masculine countries they are somehow assertive and competitive, but not as much as the men, so that there is show a gap between men's values and women's values in these countries.

4. Uncertainty Avoidance Index (UAI) deals with a society's tolerance for uncertainty and ambiguity; it ultimately refers to man's search for Truth. It indicates to what extent a culture programs its members to feel either uncomfortable or comfortable in unstructured situations. Unstructured situations are new, unknown, surprising, and unusual. Uncertainty avoiding cultures try to minimize the possibility of such situations by strict laws and rules, safety and security measures, and by a belief in absolute Truth on the philosophical and religious level; 'there can only be one Truth and we have it'. People in uncertainty avoiding countries are also more emotional, and motivated by inner nervous energy. The opposite type, uncertainty accepting cultures, accept opinions different from what they are used to more easily; they try to have as few rules as possible, and on the philosophical and religious level they are relativist and permit many currents to flow side by side. People within these cultures are more phlegmatic and contemplative. They are not expected by their environment to express emotions.

5. Long-Term Orientation (LTO) versus short-term orientation: this fifth dimension was found in a study among students in 23 countries around the world, using a questionnaire designed by Chinese scholars. It can be said to deal with Virtue regardless of Truth. Thrift and perseverance are values associated with Long Term Orientation; respect for tradition, fulfilling social obligations, and protecting one's reputation are values associated with Short Term Orientation. Both the positively and the negatively rated values of this dimension can be found in the teachings of Confucius, the most important Chinese philosopher who lived around 500 B.C.; however, this dimension also applies to countries without a Confucian heritage.

Taking into account these five cultural dimensions, Hofstede analyzed cultural characteristics of many countries from different regions of the world. It is worth mentioning the most relevant of them in terms of how different their cultures are in order to understand better the importance of having good knowledge about them before meeting their people. Thus, in the Arab world, the Muslim religion plays a critical part in the people's lives. The predominant Hofstede dimensions are Large Power Distance and Uncertainty Avoidance. The societies in these countries tend to follow a caste system which does not allow its citizens much upward mobility. They are highly rule-oriented in order to reduce the uncertainty level. The lowest Hofstede dimension for the Arab countries is the Individualism. So this society is a collectivist one manifesting in a long-term commitment to the member group - a family, extended family or extended relationships.

For the Asian countries the highest cultural dimensions are the Long-Term Orientation, then the Power Distance Index and the Uncertainty Avoidance Index, closely followed by the Masculinity dimension. The lowest dimension is the Individualism.

There are only seven countries that have Individualism as the highest dimension, and the USA are among them. The other six are Australia, the UK, Netherlands, Canada and Italy. The lowest dimension for the US is the Long-Term Orientation, indicating that this society believes in accomplishing its duties and appreciates its cultural traditions.

There are quite obvious differences regarding the African countries. While in East and West Africa the Power Distance Index is the highest dimension, in South Africa the Individuality and the Masculinity are the highest dimension. The lowest cultural dimensions in South Africa are the Power Distance Index and the Uncertainty Avoidance Index, while Long-Term Orientation and Individualism are the lowest cultural dimensions in East and West Africa.

Differences are found in Europe as well. In Germany, for example, the highest dimensions are Individualism and Masculinity, followed by the Uncertainty Avoidance Index while Long-Term Orientation is the lowest. In Turkey, the Uncertainty Avoidance Index is the highest and Individualism is the lowest. Anyway, generally speaking for the European countries, the dimension order is: the Uncertainty Avoidance Index (the highest), then Individualism, Masculinity and the Power Distance Index (the lowest).

For Australia, from the highest to the lowest dimension we have: Individualism, Masculinity, the Uncertainty Avoidance Index, the Power Distance Index and Long-Term Orientation.

A different method of analyzing cultural differences, especially when referring to intercultural business negotiations is done by looking at: (1) the cultural characteristics of different countries and (2) the negotiation style.

2. Cultural characteristics of different countries

A. Romania

Building lasting and trusting personal relationships and also maintaining them can be crucial for business success in Romania. Respect is rendered according to age and status, meaning that elderly people are treated with great respect. It is recommendable to avoid being too direct in conversations. Body language and gestures can be extensive, so

people may show their emotions openly. In the negotiation process, although the buyer is superior, both parties are responsible for success. A foreigner should not show irritation or anger when the Romanians jumps back and forth, by changing topics and later coming back to the initial one.

Punctuality is expected, so one should be on time for dinner and arrive at parties within fifteen minutes of the agreed time.

B. Italy

The Italians are competitive, still preferring to make group-decisions. They are responsive to affection and warmth, the Power Distance Index being average. There is a high level of uncertainty avoidance and a low level of risk tolerance.

C. Denmark

Like all the others Scandinavian countries, Denmark is situated above the average risk tolerance. Danish people focus on maturity, stability and sociability. The Power Distance Index and the Uncertainty Avoidance Index are low.

D. Germany

The Germans are known for their low risk tolerance. They focus on independence, self-accomplishment and leadership. The Germans do not pay much attention to trust and patience; they are very competitive.

The Power Distance Index is low in Germany.

E. Holland

The Dutch focus on job duty accomplishment and are very interested in improving their professional skills continuously, thus paying little attention to self-accomplishment. The degree of risk tolerance is low. Their main purpose is to manage the situations, reacting rather than acting.

F. Great Britain

The tradition of social classes is very strong here. Although safety represents the basic aim of the British, pleasure is also a life target. The British are competitive; inventiveness, logics and adaptability are very important.

The Power Distance Index and the Uncertainty Avoidance Index are quite low.

G. Ireland

The Irish culture is a low-context one, meaning the people here are explicit in speech and action, unlike the Russian people, for example. The Irish use specific proposals and demands in negotiation. As for the rules of business, they are largely only those written into law and regulations. The Irish expect long-term commitments from their business partners and will focus more on long-term benefits than on short-term gains.

Business attire is less important in Ireland than anywhere else. However, men should wear a suit and tie at initial meetings. Social events do not require strict punctuality. While it is best to arrive at dinners close to the agreed time, being late to a party by 15 to 30 minutes or more is perfectly acceptable. If you are offered a beer in a pub, you will be expected to pay for the next round. Not living up to this expectation is a major mistake.

Gift giving in business settings is rare. It is best not to bring a gift to an initial meeting in order to avoid raising suspicions about your reasons. Later on, small gifts will be appreciated on special occasions, such as Christmas.

H. France

It is important for a businessperson to be mature, constant, reliable, able to manage in different circumstances. Personal options are the main priority. Logics and reason are the most important, style and energy being essential for an organization's success. The French tolerate conflict and there is a high uncertainty index; power distance is of great importance.

I. Sweden

There is variety of behavior, life styles and assessment criteria in this country. Unlike many other countries, there is a homogenous culture in Sweden.

3. The negotiation style

According to customs, traditions, national cultures, habits, each negotiator will adopt a certain behavior style. For example:

The European style has different characteristics related to geographical and economic areas. Taking into account the history of the European continent and the cultural differences of the nations we can distinguish:

The North-European style – is a cold one, maybe due to the geographical location. If you do not succeed in convincing them at the beginning of the negotiation, North-European negotiators will remain cautious, reluctant, they will speak little, but meaningful. Having an excellent professional background and psychological studies, they can “read” and interpret all their partners' messages (intonation, nonverbal) and use all the information delivered by a partner who is not agile enough. They are punctual, serious and modest. Rigid and suspicious by structure, Northern people may still be impressed by protocol, but only with a symbolic value.

The German style is clear, firm, based on logics, almost mathematical. The German negotiator plans his meeting in detail, he is not very demanding, but will not make radical compromise either. It is recommended to create a negotiation environment proper for the negotiation partner (characterized by rigor, including that of the details). Otherwise, the German negotiator will take over and maintain control over the negotiation.

The Italian style is characterized by creating a friendly, warm, even cheerful environment. Negotiation with an Italian partner will start openly, with certain pomp. Protocol has to be sophisticated, the Italians appreciating music, good drinks and food. Even though they discuss a profitable business, the Italian negotiators do not give up the pleasure of bargaining (characteristic of the Turkish people, as well), giving their partner the impression that he has been bribed.

The French style is flexible, elegant, “stuffed with culture”. The French negotiator considers negotiation as an antagonistic competition, with no scruples. Planning his negotiation process in three stages – the preliminary stage of tapping; the principle negotiation stage used for decision making; the final stage of decision making and transaction agreement – the French negotiator is determined to find the right solutions. At the end of the negotiation, the Frenchman can become a little arrogant.

The English style is open, friendly, flexible, characterized by good humor. The English negotiator can seem to be naive, although he is very well prepared. He is punctual and polite.

The American style is similar to the English one. The American negotiator prefers a friendly atmosphere of sincere trust, lacking formality. The American style is professional and direct. The aim, namely that of making profit, is reached by any means. Profit is the American's only boss. The Americans appreciate punctuality and pay much attention to details. The vulnerability of the common American consists in his lack of knowledge about foreign cultures, which is worth taking advantage of. Be careful with the American elites who have sound knowledge, especially in the scientific field.

The Arabian style is generally chaotic; a “desert” style where time has no importance. It is very hard to make them trust you. The Arabian negotiators make no compromise, using delays and interruptions, all these transforming negotiation with such a partner into a very difficult process. You can be appreciated by an Arabian negotiator if you prove you have knowledge about his culture and you understand the Arabian lifestyle. The Arabian negotiators can misinterpret lack of bargaining as an offence.

The Asian style is dominated by an attitude of distrust and suspicion regarding the Western people. Based on logics, facts and information, negotiation with the Japanese requires a lot of patience and experience. Formality is the most important, as well as rituals regarding protocol. Business attire is a must. Common gestures for other cultures, such as tapping on someone's shoulder or hand kissing can cause real disasters, because they are inappropriate for the Japanese culture. A Japanese negotiator will never say “no”; he will not make clear statements, because he never negotiates by putting his cards on the table. On the other hand, he always considers the consequences the final agreement has upon the employees of both negotiating parties, meaning that the business must lead to stability of the jobs and help the large family of employees; otherwise the Japanese will turn down the contract.

Reputation is the most important for a Chinese negotiator. He is honest, well-prepared, and apparently modest. Despite the difficulty of the negotiation with such a partner, the obligations he assumes by reaching an agreement are rigorously undertaken. They are hospitable hosts who know how to make or accept compliments.

The human factor is extremely important in negotiation, so **two** of the most frequent **mistakes** made in the discussions regarding the negotiation practices are: **ignoring the specific of each culture** and **ignoring the details that make the difference between one culture and the others**. Different cultural groups have different ideas regarding the protocol procedures. The key features that help a person become a good negotiator in one culture may not work in another culture. That is why it is very important to study the culture of our future negotiation partner. In this way we are able to eliminate the communication barriers and to minimize the risk of failure of a negotiation.

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