

## CROSS CULTURAL NEGOTIATION: THE LINK BETWEEN SCIENCE AND ART

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### **Abstract**

*Negotiation is a critical component of success in international business, which is based essentially on communication. The participants' culture proved to be one of the most powerful and influential factors that can stimulate or harm the process and outcome of negotiation. The verbal and nonverbal language of communication in negotiation is mostly influenced by cultural differences. Cultural distance between the negotiators determines interactions linked or not to the negotiation objective. Differences and the cultural similarities of the participants shape the styles of negotiation.*

**Keywords:** cross cultural, negotiation, environment, styles, training, strategies

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### **Preliminary considerations**

In the 21<sup>st</sup> century, competent business persons should easily adapt to any situation generated by the cultural diversity of markets. Negotiations are among the dimensions of international business that require, but also benefit from cultural knowledge. According to A. Toffler, "business negotiations can be considered a component of achieving the integrated value-added which is increasingly dependent on data exchange, information and knowledge" (Toffler, 1995: 239). Negotiation is a critical component of success in international business, which is based essentially on communication. The participants' culture proved to be one of the most powerful and influential factors that can stimulate or harm the process and outcome of negotiation. The verbal and nonverbal language of communication in negotiation is mostly influenced by cultural differences. Differences and the cultural similarities of the participants shape the styles of negotiation.

Business negotiation is, above all, a way of communication. Communication represents the essential link between the persons that engage in business activities and operations. Therefore, negotiations must be placed at the center of international business. Hollensen considers that "negotiation is a process in which two or more entities discuss, on the basis of common and divergent interests, in order to conclude a mutually advantageous deal" (Hollensen, 2008: 416). One of the most

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powerful and influential factors that can stimulate, but also damage communication, in general, proves to be the participants' culture. Most times, there are more or less important differences between cultural models of negotiators.

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### ***The international negotiations under the influence of different cultural contexts***

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The environment to which each negotiation partner belongs can leave its mark on every aspect and every stage of the negotiation process. Culture is the environment component whose influence is found in all types of negotiation, be it business contacts, the establishment of friendly relations or business calls with technical or commercial aspect. Culture becomes a dimension that can influence every level of the negotiation stage, having direct implications on negotiation results. It plays a role in how negotiation is prepared, but also in terms of vision and approach of the situation, even before negotiations begin. Many cultural factors influence expectations, guidelines, actions and reactions of those who belong to a culture. To negotiate, clothes and behavior are important, as well as the style of negotiation. How conversation is conducted depends on the partner's attention, reasoning style, ease of expression. All these factors are reflected in the details of the negotiation under the influence of the cultural model to which partners belong.

The cultural model influences the importance of verbal and nonverbal elements of individual and group behavior. The language of negotiations is important because it provides or not a particular equity between negotiators. Depending on the strength of each partner, one can choose the language of one of them. In most cases, an international language is used. An important dimension of language, which can vary from one culture to another, is the degree to which communication is explicit or implicit. In cultures where the language is clear – these are the cultures with a simple context – “what is communicated must be clear and precise, assuming that the speaker is responsible for effective communication” (Adler and Gundersen, 2008: 59). Cultures in which language is implicit assume that the speaker and listener share the responsibility of effective communication, and this happens in the complex context cultures (e.g. China, Japan).

Body language is a powerful means of communication, whose importance is greater in cultures with complex background. In these cultures, individuals are more sensitive to different nonverbal messages, while in simple cultures, such as the Anglo-Saxon, many nonverbal messages are not observed. The most important factors of nonverbal language and the manner of expression in various countries that belong to different cultural models are:

- *attitude towards time*. In Germany time is considered valuable and an important unit of measuring human activities and benefits. Lack of punctuality is a sign of poor organization and impoliteness. In Spain, time has little value and is available in excess. Lack of punctuality is a sign of prestige in business.

- *facial expression*. In Germany no face reaction is lack of attention, lack of interest. Smile accompanied by occasional movements of the head is the most important form of mimicry. In Britain it is necessary to hide feelings and expression of face. Smiles and laughter are regarded as signs of weakness and lack of self-control.
- *eye contact*. In Western Europe, in the U.S. “evasive look or avoidance of the partner’s eyes is a sign of disrespect, lack of courtesy, lack of friendship and attention” (Cameron and Quinn, 1999: 67). In Japan, looking down in front of the superior is a sign of respect. In the countries around the Mediterranean Sea, look is a means of control and influence on the others and imposes the distance towards foreigners. In the countries of Central, Eastern and Northern Europe insistent gaze is taboo. Fixing the conversation partner more than 10 seconds can make the other party lose self-control and begin to be afraid.
- *body language*. In Italy, Greece, France, Spain, Portugal, the body is a means of expression and communication. Movements are the expression of theatrical behavior in the context of social interactions. People gladly use their hands and arms in order to emphasize ideas. They greet each other at the beginning and end of sessions with a moderate handshake. In Germany, Great Britain, Holland, Belgium verbal language is more important than body language.
- *language used*. In France, although most French speak English and German, the preferred language in negotiations is French. Written texts must be written all in French. In Italy, business correspondence is recommended to be in Italian. Negotiations may be in English. In Spain, Spanish is used only if the foreign partner speaks it very well. Correspondence of appreciation must be written in English if Spanish is not perfect. In Britain few British speak a foreign language at the required level of business negotiations. English is preferred.

The impact of cultural elements that affect verbal and nonverbal behavior can be so important that it can modify the negotiation process and its results. These cultural differences between negotiating parties represent the cultural distance. It makes the negotiators establish interactions between related verbal and nonverbal communication that may have adverse effects on the scope and conduct of negotiations, if not managed properly. Thus, even if the parties come to the negotiations well prepared professionally and have sufficient and correct information to negotiate, “interpersonal attraction and even negotiator status can increase flexibility or, on the contrary, rigidity in the discussions” (Hollensen, 2008: 419).

*Negotiator status* is defined by the rank held, age, sex, education and firm position on the market. Complex context cultures, such as those in Asia and the Middle East, are focused on status. If negotiators come from cultures with different orientation of status, problems may occur. An exporter who comes from a complex

culture, for example, feels uncomfortable if the importer whom he negotiates with, from a simple context culture, does not show the same respect. Trust and respect are essential conditions in many cultures as the Chinese, Japanese, Mexican and in most of Latin America. "Japanese may require several meetings before the issues subject to negotiation will be discussed" (Baron, 2003: 23).

*Accuracy of formed impression.* From the very first contact, individuals have a perception of the people they meet for the first time, including through cultural influences. This moment of truth precedes the rational evaluation process and if the perception is different depending on the culture they come from, the probability for each of them to form a correct opinion about the other is reduced. A bad first impression, whether justified or not, can have negative effects on the stages of negotiation.

*Interpersonal attraction* arises under the formed impression when negotiators are face to face. The effects of the negotiation can be favorable or unfavorable. People who are attracted to each other can make concessions, but not those who cannot separate business and personal relationships.

*Exchange of information* is necessary for understanding clearly the needs and expectations of the negotiating partner as a starting point for effective communication. Given that language is the tool of verbal communication, intercultural negotiation is complex and difficult when there are many options for language. Information exchange is effective, not only if it has an adequate volume, but especially if the participants have mastered the nuanced and complex terms and explanations. The significance of information must be understood in the same way, otherwise it is lost due to different meanings of words and expressions in different cultures.

*Negotiation and persuasion strategy* is aimed at influencing the performance of other parties with various strategies and tactics of persuasion that lead to obtaining concessions. Parties may exchange information continuously, they can share their views on certain issues and reach a common view, without major difficulties. Strategies that use various tools to modify behavior and attitudes do not exclude the other party's promises, commitments, rewards and penalties. Such strategies are more manipulative and also create tensions and uncertainties. The type of strategy used depends on the culture which each negotiator comes from. Individuals belonging to complex cultures resort more often to stratagems and tactics based on apparently contradictory behavior. It is said about the Arabs, for example, that they are not happy unless they bargain a long time. The French have a competitive negotiation style, facing confrontation, while the Germans make observations on insignificant details concerning the other party's behavior. Instead, negotiators from the U.S. treat their partners as equals.

*Concessions and negotiations completion* are placed under the influence of cultural factors. Negotiators belonging to different cultures have differentiated approaches

regarding concessions. People from simple cultures “take into account logic when considering requests, while negotiators from complex cultures use customised arguments” (Hurn, 2007: 72).

*The result of negotiation* can take different forms. If in complex cultures verbal agreements can be sufficient, detailed and formal contracts are common in countries with simple context cultures.

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### ***Negotiation styles as a result of cultural influences***

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Cultural differences are found in all parts of international negotiation. One element that is found consistently in each component of negotiation is the negotiation style. How business partners deal with negotiating issues at each stage depends on the culture of origin. Shell (2006) identified five styles of negotiation, as follows:

- *adaptation*. Negotiators who are able to adapt are sensitive to emotional states, body language and verbal signals of their counterparts.
- *avoidance*. Negotiators who avoid are those who do not like to talk unless they get guarantees. They tend to delay and to avoid confrontation involving issues in the negotiations.
- *collaboration* is the style specific to negotiators who like to treat cases involving troubleshooting using various creative ways.
- *competition* characterizes negotiators who believe they have a chance to win something. A competitive negotiator has strong instincts and strategic vision. Such persons may, however, neglect the importance of relationships, which can create difficulties if the opponent belongs to a culture where relationships are important.
- *compromise* is used by negotiators seeking to conclude agreements by doing what is fair and equal for all parties. They can speed up the achievement of a result and can make concessions too quickly.

Within a culture there is a frame of reference regarding the significance of verbal and nonverbal responses during the negotiation process. International negotiations do not have such a common reference frame, which can create confusion and misunderstanding, and also bad reactions. Therefore, negotiations in international affairs must be very carefully prepared and planned with consideration and inclusion of cultural differences in terms of their influence on behavior in negotiation.

The structure of the negotiating style, which provides negotiators with different expressions depending on their availability to behave inside the negotiation process, comprises the following:

- *orientation of the negotiation aim;*
- *nature of the negotiation objective;*
- *the character of negotiations;*
- *formalism in negotiations;*

- *the role of parties in negotiations;*
- *being able to make a compromise;*
- *conflict management;*
- *emotion and emotional expression;*
- *personal trust.*

*Orientation of the negotiation aim* varies according to the cultural background of the participants. “Negotiators belonging to long-term oriented cultures such as those in Japan, China, South Korea are persistent, establish relations based on status and compliance” (Day et al., 2008: 34). North Americans and other Westerners in general are short term oriented and prefer to enter the heart of the matter as quickly as they want to negotiate effectively and systematically. By contrast, in countries like “Brazil, China and Arab countries negotiators begin negotiations from an exaggerated position to get the same problems until they reach full size” (Hollensen, 2008: 56).

*Nature of the negotiation objective* is linked to the relationship between negotiators and the company they represent. Negotiators from the U.S., Japan, Europe feel compelled to achieve the firms’ objectives. Indian negotiators, for example, tend to pursue their personal goals, especially power, prestige or personal satisfaction.

*The character of negotiations* is placed between two representative points. In principle, complex culture negotiators adapt to the style of negotiating partners. Japanese and Chinese are more flexible in this respect. Weak or simple context cultures are more ethnocentric regarding the adaptability; negotiators rarely provide the necessary flexibility. The French are perceived as arrogant and conceited by the negotiating partners. They are also very proud of their logical way of thinking and like to question the logic of others. The negotiation sessions are relatively unstructured, and “the debate period of certain issues is longer than in the Anglo-Saxon area” (Hünerberg, 1994: 276). The French negotiating style can be described as competitive and oriented towards confrontation. British people tend to start a negotiation leaving room for further concessions. Final decisions are taken in a short period of time.

*Formalism in negotiations* can be analyzed as relationships formalism and formalism of the results. Formalism of relationships varies between the informal and formal character. U.S. negotiators are best characterized as informal and egalitarians in human relations. Negotiators from Asia and Europe are used to address each other in a formal manner. Often, formalism may be a way to hide feelings, which are considered to influence negotiations negatively. The Germans, British, North Americans, Europeans think that understandings or agreements require written, detailed confirmation, with provisions that contain more data and signatures. The result of international trade negotiations is the external contract prepared to comply with the national and international regulations.

*The role of parties in negotiations* aims at balances and imbalances in terms of power relations. North American negotiators ensure equal roles to the seller and buyer, the best being able to win. The French ensure that they have control, while the Japanese and the Chinese use different tricks to manipulate the situation to their advantage.

*Being able to make a compromise* depends on its significance in various cultures. In the U.S., it is seen as a sign of democratic attitudes, goodwill and fair play. In many Latin American countries, “concessions that business partners enjoy are considered a sign of honor, integrity and sometimes grandeur” (Gelfand et al., 2007: 58). In Eastern Europe, especially in Russia, concessions are seen as weaknesses.

*Conflict management* covers a wide range of approaches depending on cultural influences. French, Germans, North Americans that negotiate will not avoid direct confrontation situations where the parties' interests diverge. Openness, probity and honesty are perceived favorably by the North American direct style of communication.

*Emotion and emotional expression* inherent in negotiation situations are treated differently in relation to social commands influenced by culture. Representatives of many cultures in Southeast Asia prefer to be respectful and cool. Chinese negotiators agree to have long periods of absolute silence and thinking during negotiations, which is hardly accepted by negotiators from developed Western countries, who are used to discuss permanently and plan their breaks. People in Latin America and the Mediterranean countries are more expansive, showing their emotions during negotiations. The Brazilians speak at the same time and touch their partners, while the Arabs raise their voice. Emotions have the potential to play both a positive and a negative role. Negative emotions can cause intense and even irrational behavior and may contribute to the escalation of conflicts and discontinuation of negotiations, but they can be a tool to gain concessions.

Positive emotions begin to take effect even before the negotiations begin. “People who have a good mood are more confident and willing to cooperation strategies” (Barry et al., 2004: 63). Positive influences may alter the post-negotiation stage by involving in actions necessary to achieve favorable agreements.

*Personal trust* influences the varying degrees of negotiations dependent on the characteristics of the negotiators' culture. In countries where collectivism is high, such as Brazil, Malaysia or Thailand, personal relations play an important role in business negotiations. Personal trust is a “precondition for serious negotiations in countries such as China or Mexico, where the legal system is considered less effective and socially acceptable against deception” (Graham, 2007: 45). Therefore, good relations are seen as something that lasts. Negotiators from countries mainly individualistic, such as the U.S., the UK and the Netherlands, believe that personal trust does not play an important role to start business

negotiations. It is assumed that it will create and expand during the negotiations. Feelings and friendship remain in the background of negotiations in Germany too.

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### **Conclusions**

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The theory and international practice recognise negotiation as a multidimensional concept, based on communication. This feature gives negotiating a complex and varied content and makes it dependent on multiple and different factors that makes it successful. Among these factors, which have an important influence on international negotiation, we find culture. Cultural factors contribute, through their influence on increasing complexity, and add a new dimension to the content of international negotiations. Numerous and diverse cultural influences are exerted on all negotiations, especially on business negotiations. The distinct aspect of cultural influences is based on cultural differences between models, which provide a variety of forms. The entire array of cultural influences, the form of verbal and nonverbal language can be found in styles of negotiation. Behavior and negotiation styles, differentiated by the action of multiple and varied influences of cultural factors, have an effect on the entire negotiation process. Parties rarely approach issues in the same manner and are subject to different negotiation strategies and tactics used to achieve their objectives. Therefore, to ensure and improve outcomes targeted by international business negotiations, efforts are needed to eliminate differences arising as a result of cultural distance. Specific efforts should be made both at an individual level by those involved in negotiations and by companies interested in the success of international negotiations. At the individual level, "cultural knowledge, cultural sensitivity, adaptive capacity, flexibility and personality are needed" (Salacuse, 2004: 62). International adaptation and cultural awareness should be the essential part of the profile and personality of the negotiator who discusses international business topics. Those involved in the negotiations must have a special interest and high sensitivity to other cultures, to communicate easily and have a great capacity for adaptation. In turn, companies must be based on cultural knowledge, and especially to insist on cultural training for employees involved in negotiations in order to complete their professional profile.

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