

Negotiation across cultural and national boundaries essay

[Business](#)



Abstract International business activities required people to negotiate across cultural and national boundaries. There are many cultural challenges, to be considered while conduct business negotiation in cross cultural situation. Cultural dimension theory and negotiation process help to understand these challenges and find the remedies. For instance, Hofstede four dimensions and high and low culture context dimensions are two important theories to explain the behavior of negotiator in international business from cultural perspective. From these theories researches were able to have better understanding of conflicts and challenges arise from across business negation and finding the remedies. However, no theory is perfect. Other studies indicated that Hofstede method did not fully applied in specific cultural situations. This was attributed to the influences of other factors like economy, human behavior.

This has made the issue more complicated and adds more hidden challenges in the international business. Hence, there are no unique solutions to tackle these diverse challenges. However, understanding the cultural behavior differences will lead to increase the likelihood of successful business negotiation in cross culture situation. Introduction As business become more international, greater numbers of people are conducting business negotiations across culture boundaries. Culture-clash will continue to affect all aspects of international business as consequences of this phenomenon. Different cultures have different challenges and there is no unique or magic solution to tackle all of them. However, understanding and building theories will help to increase the likelihood of success in a cross cultural negotiation situation.

Lieh (2003) defined culture as distinctive characteristic of social group that share values and attitude by their individual making them unique from other social groups. The culture covers all aspect of life like religion, economics, language.... . on the other hand, Yunxia , Bernard Zhu (2007) mentioned cross cultural negotiation as a dialogue of share and conflicting interest between people from different cultures who work together to reach to an agreement benefit both sides. The understanding of culture behavior is essential for conducting international successful business negotiation.

Cultural Theory and challenges consideration One of the most important theories to understand the cultural differences is Hofstede four dimensions theory. Donald, Rebecca, Hendon, Paul (1999) mentioned the four hofstede dimensions which are masculinity/femininity, uncertainty avoidance, power distance and individualism. Moreover, Lieh(2003) mentioned about one more dimension called Confucian dynamic to differentiate Chinese culture form Western cultural values.

Roger, Maria, Leme (2002) indicated Power distance to the degree of accepting the difference in wealth, power and social class between people in the society. This issue is very important in hierarchical system to indicate the higher degree of right and respect. Therefore, in a hierarchical system the authority in higher rank or class tend to hold the power and to keep a power distance higher.

Mohammad, Susan, Ercan (2002) mentioned that Japanese and Chinese (high power distance culture) people from lower class more bound to respect the formal hierarchical authority, while the low hierarchical system such as

Americans and Canadians has low power distance between the society classes. In American company, the senior managers usually are more willing to delegate their authorities to their employee in decision making, and to leave some space for disagreement. Lieh(2003) consider China is a good example for high power distance country, as Chinese fear from people who are in higher rank in the society. It is often that Chinese negotiators will not negotiate with the opponent who is in lower rank. Therefore, foreign negotiator from low power distance culture like Americans should choose the right negotiation team rank when negotiate with Chinese. It is utmost importance to have similar status when negotiating with high power distance cultures The second dimension is Uncertainty Avoidance. Donald, Rebecca, Hendon, Paul (1999) refers it to the level of people feel of uncomfortable and insecure in the situation involve risk and uncertain or unpredictable situation.

Mohammad, Susan, Ercan (2002) indicated the weak uncertainty avoidance cultures are likely to be less worried about the outcome of negotiation than the culture with high uncertainty avoidance. Also the high uncertainty avoidance cultures are more suspicious of foreigners and have low willingness to compromise with opponents, while people from low uncertainty avoidance culture are often more ready to compromise with opponents. Meanwhile, People belong to high uncertainty avoidance culture present more aggressive attitude toward foreigners and more reserved to do individual decision. Lieh(2003) mentioned that when negotiate with Chinese negotiators, it will certainly take more time and effort to make an agreement, hence Patience is highly required. Also, is it very important to

attend and show degree of respect to their celebrations which will greatly help to perform the business.

The third Hofede dimension is Individualism/collectivism: Mohammad, Susan, Ercan (2002) stated that the Individualistic cultures care for autonomy, personal achievement, equality and individual freedom. In an individualistic culture, association with a group is a choice and not compulsory. In contrast, in a collectivism society, emphasize on role and law and the people relationships, harmony and loyalties. Mohammad, Susan, Ercan (2002) mentioned that Collectivist culture people tend to interact differently toward outsiders as compared to their in groups like (family and organization). While, collectivist people give high trust and harmony toward their in-group members and behave very cooperatively with them, they tend to be very aggressively competing with foreigners. On the other hand people from individualistic cultures showed no sign of division between their society group and out-group members. Mohammad, Susan, Ercan (2002) mentioned that research showed that Japanese negotiators (collectivism) negotiated very competitively with U.

S negotiators as compared to Japanese negotiators, while U. S negotiators (individualism) did not show any big difference in their negotiations with U. S and Japanese negotiators. The same were obtained in another study involving Canadians (Individualism) and Chinese (collectivism). The forth dimension is Masculine/femininity. Donald, Rebecca, Paul (1999) defined masculinity cultures that value assertiveness, independence, task orientation and self achievement (traditional masculine characteristics) while feminine

cultures value cooperation, nurturing, relationships and quality of life (traditional feminine characteristics).

Donald, Rebecca, Paul (1999) indicated that Masculine societies tend to have a strong division of sex roles. Also the competitiveness and assertiveness which is merit of masculinity culture result in individuals deal with win and loss negotiation style. Donald, Rebecca, Paul (1999) stated that the most masculine country is Japan, followed by Latin American countries, while Scandinavian countries are the most feminine societies. Confucian teaching is additional dimension in Hofede four dimensions theory which is related to Chinese and other Asia countries cultures. Lieh(2003) stated that the Confucius philosophy has adopted by many Asians people for their life style. Lieh(2003) highlighted the role of Confucius in valuing the saving, acceptance of unequal relationships, determination, and adopting traditional style rather than modern life value.

These characteristics made Asians to become dissimilar from western people. Lieh(2003) mentioned that during the negotiation with Confucian culture showing degree of understanding and respect for cultural values and honestly will help in establishing a long term business relationship. The four Hofsted's dimensions is demonstrated in many studies and research for instance case study made by Yunxia , Bernard Zhu (2007) for ten negotiations meeting between Chinese and American/Australian business between period of 1999 and 2002. This study illustrates the Confucian and collectivism dimensions of Chinese behavior in conducting international business with individualism cultures like American and Australian. On the

other hand, Randi (2006) made research based on samples from multi-cultures like Israel, South Africa, Turkey, the USA and Western Australia and also another sample from West Indies and Jamaica. The study reveals that each country has different ranks of four dimensions for instance Jamaica had moderate power distance, moderate collectivism, moderate masculine and weak uncertainty avoidance, while Israel showed low in power distance, moderate individualism, moderate feminine and strong uncertainty avoidance. This various ranks of Hofede four dimensions theory will add a matrix of challenges in conducting business negotiation. Randi (2006) study used Hofsted's theory to explain the difference and similarities of these six countries.

However, the results indicate that four dimensions of national culture do not adequately explain all the outcome of the study which could be attributed to other national cultures factors like human development and economics which may contribute in an increasing or decreasing the gap between different cultures. This has also supported by Robert, Paul (1996) study indicated that the conducting international business negotiation for consumable products are significantly different than industrial products. This is due to the fact that consumable products are strongly established in consumer behavior and has higher degree of cultural sensitivity than industrial products. Hence, in conducting international business negotiation for consumable products the cross culture behavior should be strongly considered in the mind and attitude of negotiators.

In addition to Hofstede's four culture dimension, Antoniss, Andrew (1998) mentioned the concept of high and low cultures concept of communication. The communication is very important part of conducting business negotiation as indicated by John (2005) that any negotiation process involves communication and decision making. Antoniss, Andrew (1998) indicated that in low culture context generally used very explicit and straightforward messages. Individual rely on formal communication with information and behavior being verbally expressed. The USA, Canada and Germany are considered low culture context. While in high context culture less information expressed in verbal expression. The high context of communication attributed to the importance of having extra idea such as the individual background, associations, and morals.

The latter dimension is utmost important to understand the different behavior of negotiator during the negotiation process in cross cultural content. Negotiation Process added to Challenges The process of Negotiating is generally recognized to include a number of stages or steps. Hawrysh, Brian Zaichkowsky, Judith (1991) mentioned about the four phase model of the negotiation process which is Non Task sounding, Task related exchange of information, Persuasion and Concession and agreement. Robert, Paul (1996) explained non task as process of establishing relation between members of negotiating teams. Status distinction at the non task interaction stage of the negotiation process is very important. Antoniss, Andrew (1998) defined Status by age, sex, education, the individual position in the company.

In cross cultural business negotiations it is very important to know status distinction. Different cultures impose different degrees of importance to status in negotiations. High context cultures are known to be status in their relation.

Their meaning and understanding in communication is internalized in the person. In such cultures interpersonal relationships and the language used in negotiation are not significant like status of negotiator. The variation in the status while doing business negotiation between high and low context cultures could potentially lead to troubles. For example in line with heritage frame, a high context culturally seller negotiating with a buyer from a high context culture will give the buyer a high esteem and display strong respect. However, a high context culturally seller negotiating with a low culturally context buyer may not give that privileges to the status of the buyer. Since the seller will put in his mind that the buyer will share similar respect, the seller may try to negatively influence on the sales negotiation outcome.

To overcome the status distinction, Antoniss, Andrew (1998) advised that the lower the degree of importance from high context cultures to be given to the status issue when negotiating with buyers different context cultures. This will increase the likelihood of positively influencing the negotiation outcome. The second stage of business negotiation is task related exchange of information. Hawrysh, Brian Zaichkowsky, Judith (1991) defined that exchange of information to satisfy the negotiator expectations and need. Negotiator must understand their and his opponent need. Antoniss, Andrew (1998) indicate

that the cultural context communication of negotiators play a great role in the negotiations.

The individual from low context culture will focus on clear messages and show a great deal of accuracy in the verbal communication, meanwhile communication in high context cultures members will be implicit and will shown non verbal expression behavior (body language, and facial expression). Antoniss, Andrew (1998) indicated that the persuasion phase is the attempt of negotiators to alter one another's expectations by using different persuasive methods. The persuasion stage the negotiation strategy can influence negotiation process outcome. Antoniss, Andrew (1998) indicated that the higher successful deals were between different culture context of buyers and seller when they used instrumental bargaining strategy (communication involves affecting the other party's behavior by promises, commitment, rewards and punishments).

The final stage of negotiation involves concluding an agreement and concession making. The individual from different culture have different methodology to concession making. Antoniss, Andrew (1998) mentioned that high context culture like Asian culture tends to discuss all details before making concessions; when they see the negotiation end is approached. Roger Prestwich 2007 indicated that US bargainers (low context culture) tend to allow for small concessions during the negotiation process bearing in the mind that their opponents to reciprocate. The final agreement could be gentleman's agreement which is common in china and Japan or as formal written contract like in western. In additions to various tips and

considerations were given to tackle any challenges in the culture dimensions and negotiation process the following is general consideration to be taken while business negotiation in conducting in cross cultural setting. 1.

Herbig, Paul (1992) in Role of Cross-Cultural Negotiations in International Marketing indicated the importance of understanding that the different cultures have different perceptions; motivation, ideology, understanding and respecting the other side's culture is very important in the negotiation. 2.

Herbig, Paul, (1992) in Do's and Don'ts of Cross-Cultural Negotiations. Indicated high importance of being culturally neutral.

Do not make any culture judgment during the business negotiation. 3.

Herbig, Paul, (1992) in Do's and Don'ts of Cross-Cultural Negotiations mentioned about to be aware to the opponent cultural aspects and norms.

Conclusion In each culture dimensions and process negotiations there are mines that could explode the international business negotiation. Though the culture theories explained a lot of cultural phenomena and challenges arise in cross cultural business negotiation, however still there are many other factors that would affect cross cultural negotiations. Hence, there is no one solution is given for all the challenges in cross cultural business negotiation. However, preparation and understanding the cultural behavior of opponent will lead to very successful cross cultural business negotiation.