

Dimensions of success in business negotiation

[Business](#), [Management](#)



Negotiating with firms from different cultures face many challenges, from Initiating and smoothing communication to establishing long-lasting relationships and mutual 1 org mention about Chinese negotiators, they can be at once warm hosts and friends, then turning into tough bargainers (Seventies & Asian, 2008). The unique Chinese cultural elements, influencing by Confucianism, Taoism, and war stratagems, show the heavy reliance on interpersonal relationships instead of legal instruments and are included in the complexities of foreign business negotiations, and can make the process tougher and more protracted (Fang, 2006).

As for Thai cultures, Negotiating with executives from different cultures requires an understanding and adaptability o these differences. Special approaches for particular cultures may be needed. An international business negotiation within the Thaiculture, in particular, would require a unique emphasis from other cultures to achieve positive results in negotiations. Buddhism and Green Jag, a unique Thai cultural indirect form of communication, have been the most influential factors for Thai negotiators.

These factors effect on how Thai people perceive themselves (Barr, 2004) The purpose of the study is to make a comparison of the preferred negotiation style follows in Chinese ND Thai business in business situation. This provides the background to understand the cultural roots of the negotiation process. The specific emphasis in this study has been placed on the following topics; the International business negotiation, the philosophical foundation of negotiation behavior and negotiation strategies.

The investigation aimed at the finding out the differences and similarities, which illustrated across the different cultures. 2. International Business Negotiation In this section, perspectives of definition and process of international business negotiation are reviewed. As explained by Gharry (1996), deliberate interaction of two or more social units, originating from different nations that are attempting to define or redefine their interdependence in a business matter.

Generally, the process of negotiation consists of three different negotiation stages including the pre-, actual negotiation, and post- stages. First of all, the pre-negotiation stage is the first stage of negotiation emphasizes getting to know each other, identifying the issues, and preparing for the negotiation process. The negotiation stage involves a face-to-face interaction, methods of persuasion, and the use of tactics. At this stage negotiators explore the differences in preferences and expectations related to developing an agreement.

Lastly, the post-negotiation stage relates to concessions, compromises, evaluating the agreement, and following-up (Gharry, 1996). 3. Theories: Hypotheses Five Cultural Dimensions Understanding the influence of culture in negotiation reduces confusion and misinterpretations in the process. Negotiators need to be aware of such cultural differences and become well prepared for them. This study employed (Hefted 1991) proposed five cultural dimensions to assess the values, which characterize specific patterns in order to analyze the cultural diversity as following explanations.

The first dimension is social inequality or power distance, which is the extent to which the less powerful members of institutions and organizations within a culture and accept that power is distributed unequally. The second dimension relates to the ties between individuals are either loose (individualism) or cohesive (collectivism). Negotiators from collectivist cultures tend to have a collective decision making process and large negotiation teams. The concepts of masculinity and femininity also relate to negotiation style.

A masculine culture emphasizes assertiveness and competition. Negotiators from a high masculinity culture are task-oriented, whereas, negotiators from feminine cultures tend to be indirect, cooperative, and display harmonious relationships. Managing uncertainty refers to the extent to which the members of a culture feel threatened by uncertain or unknown situations. Negotiators from a high uncertainty avoidance culture seek more information; require more clarification and explanation of issues.

Later Hofstede added a fifth dimension: long-term orientation in life versus a short-term orientation. Partners with short-term orientation expect quick results and can be influenced by time pressure, whereas, long-time orientation adapt traditions to a modern context and value the necessity to establish a relationship (Hofstede, 1991).

4. Culture roots of negotiation styles

4. 1 Impact of Chinese Cultures on Business Negotiation

The dynamics of Chinese business negotiating style is driven by Chinese business culture.

The cultural factors that influence Chinese negotiation style consisting of Confucianism, Taoism and Chinese war stratagems. Traditional Chinese

philosophies, largely, Confucianism, Taoism, and war stratagems have played the lead roles and influenced Chinese cultures for thousands years and the duty, courtesy, wisdom and trustworthiness have become the core cultural factors associated with Chinese business ethics until today (Lather et al, 2010).

People appreciate values of harmony, peaceful coexistence, kindness, modesty and sincerity in interpersonal relationship, which manifested these characteristics of Chinese business negotiation as patience Confucian virtue), an orientation towards harmonious relationships (Concept of Taoism), and survival instinct (War stratagem) (Seventies & Asian, 2008).) Confucianism Confucianism, a form of moral ethics and practical doctrine of interpersonal relationships, encompasses from the perspective of negotiation six core values: moral cultivation; importance of interpersonal relationships; familyorientation; respectfor seniority and hierarchy; pursuit of harmony and avoidance of conflict; and the concept of face (Seventies & Asian, 2008). It) Taoism Taoism emphasizes the creativity of life and harmony with nature.

Conceptually, it sits as the key to life, finding the Tao, that is the law of nature, between two changing forces Yin and Yang, the negative and the positive, of the same phenomenon, which is to find a middle ground or compromise (Seventies & Asian, 2008). Yin and Yang depend on each other, exist within each other, give birth to each to the well-known statement of win-win solution in today negotiation scheme (subsets & Asian, 2008). 4. 2 Impact of Thai Cultures on Business Negotiation Buddhism mainly influences the unique business negotiation style of This.

Three essential dimensions of Buddhist practice: Wisdom, containing right understanding and right intention; ethical conduct, containing right speech, right action and right livelihood; and finally, mental discipline, containing right effort, right mindfulness and right concentration, are adopted as a societal norm and indirectly influence the negotiation style of Thai people. Green Jag can be defined as, " being afraid of offending others or being considerate and deferent to others' feelings. (Importations, 2002). In other word, it is a unique cultural indirect form of high-context communication that associated with Individualism paradigm in Hofstede's cultural dimensions. Green Jag is a difficult concept to translate for it is a perception that operates intricately through many aspects of Thai life but the most accepted definition is, being afraid of offending others and being considerate and deferent to others' feelings (Importations, 2002). 5.

Chinese View of Negotiation The Chinese negotiator routinely examines and evaluates the state of Guanxi and trust between the parties at the outset of negotiation, and then calibrates his negotiation strategies in dealing with the other party based on the Confucian principle of reciprocity. Therefore, it is of strategic importance, on the part of the foreign party, to attempt to create and maintain a genuine Guanxi and a high degree of trust with its Chinese partner so that negotiations will take place in which parties use the cooperation strategy to ensure the maximum win-win for both.

Hofstede's five cultural dimensions has been emphasized to illustrate and briefly explain the bargaining styles of Chinese negotiators Table 1 Chinese Cultural Dimensions and Negotiation Styles Cultural Dimensionless

Negotiation Styles Power Distance 80 The less powerful members of the social group typically afraid from expressing their opinion and suppress their contractor views. Rarely, if ever, do they challenge high authority or take personalresponsibilityto make decisions.

Individualism 20 Human ties leading to group, rather than individual, effort in business are more common China Masculinity Chinese culture is more masculine, achievement oriented because Risk averse and make decisions after careful evaluation of a large amount of information. Change is carefully measured, slow, and incremental during the negotiation. Long-term Orientation Chinese negotiation styles incorporate, in heir values, the teachings of Confucius and in particular the importance of perseverance and thrift, the conservation of resources, and investment for the future.

Source: Hefted, 1991; Buttery & Lung, 1997; Bienville, 2013; <http://egger-hefted.com/china.html> According to Confucianism, negotiation in China is viewed as an ongoing, dynamic process that takes into account practical matters and context. The idea of Confucian gentleman, behaving on the basis of mutual trust and benefit seeking cooperation and "win-win" solutions for everybody to succeed, is adapted to creating contract-eased absolutes, which perceived as the primary purpose of Western-style negotiations (Fang, 2010). This study categorized the Chinese negotiation styles into four major criteria.) The Focus on Relationships As mentioned earlier, the theme of Confucianism is relationships-based, particularly, interpersonal relationships. In Chinese perceptions, any relationship between businesses is ultimately built upon relationships between individuals. The

Chinese word for negotiation "tan pan" combines the characters meaning "to discuss" and "to judge." From a Chinese perspective, negotiation exists primarily as a mechanism for alluding trust so that two parties can work together for the benefit of both (Needing, 2010). ii) Respect for Hierarchy Hierarchy is the key features of Confucianism relationships (Seventies & Asian, 2008).

Therefore, Failure to honor these characteristics can damage interpersonal relationships as well as mutual trust among negotiating parties. In particular, the Chinese pay more attention to hierarchy. Hierarchy is reflected in the way Chinese people address and greet each other, who speaks during meetings, and how decisions are made. The leader of the Chinese team, who would most likely be tanning in the middle of the room, would be the first to receive a greeting from the guest, otherwise it is considered as a highly impoliteness. (Seventies & Asian, 2008). ii) Face-saving Social standing, called liana or "face" in Chinese society, is critical to the achievement of wealth and power. Failure to follow Confucius' moral code in business will lead to public disapproval, a powerful force that can negatively affect both aspects of face, jeopardizing prestige and, by impugning character, capability, and personal integrity, which is to say, reputation, Jeopardizing as well the comfort and convenience that tends respectability (Wilhelm, 1994), which is why it is always difficult for Chinese to accept the "constructive criticism" approach during negotiation (Seventies & Asian, 2008). V) Trust and Ethics Being heavily influenced by Sun Tutu's "art of war" and other historical war scenarios, the Chinese regard as ethical behavior the use of stratagems for handling hostile opponents or outsiders. Different

interpretations of what is ethical under different circumstances constitute one of the many amorphous societal intersections that are the bane of negotiators (Seventies & Asian, 2008). Trust building in the Chinese orations on the use of hostages to engender trust might be a foreign party demonstrating long-term commitment by locating an office or purchasing real estate in China.

In order to deal with Chinese firms, three images are crucial to transforming a preliminary working relationship into a truly cooperative are a respectful individual, a sincere, trustworthy negotiator and a caring friend. All could be conducted by having Guiana (Seventies & Asian, 2008). However, the observation from this analysis is that the significant differences in negotiation style and culture can be accompanied by mutually unfavorable perceptions. Foreign firms may see Chinese negotiators as inefficient, vague, and perhaps even dishonest. . Thai view of negotiation Most Thai business negotiators have used a trial-and-error approach in negotiations.

International negotiators tend to be more skillful as a result of learning through experience. Inexperienced business negotiators who want to be internationally effective have to learn more about the cultural aspect of business negotiations. Lack of preparation definitely impedes the development of an appropriate negotiation approach (Imprecations, 2006).

To facilitate better understanding of operating the equines negotiation in Thailand, the analysis of effective negotiation in this context has employed the Hypotheses five cultural dimensions to be criteria as the same as what has been conducted in China view of negotiation session. The types of

outcomes relevant to successful international business negotiations are also identified. Table 2 Thai Cultural Dimensions and Negotiation Styles Power Distance 64 A negotiation team is led by a senior who are respected by younger members. Decisions are made at the top. Formal process and protocol are important.

Individualism 20 Compared with Westerners, This are more group- oriented. They maintain harmony and avoid direct confrontation. Masculinity 34 Thai culture is more feminine, emphasizing feelings and relationships, saving and giving face. They prefer compromise to resolve conflict. Uncertainty Avoidance 64 This are moderately comfortable in dealing with uncertainty. They are tolerant of deviation. Changes and adjustments are acceptable. Trust reduces uncertainty. Long-term Orientation 56 Thai culture is more long-term oriented than Western cultures. A negotiation will last for as long as it takes to establish a relationship.

It is not deadline oriented. Source: Hefted, 1991; Imprecations, 2006; <http://egger-hefted.com/Thailand.html> According to this analysis, Thai culture is relatively hierarchical. The seniority of negotiators is respected. Thai culture is more group- oriented and caring. A long-term orientation is preferable. Uncertainty is also accepted, signifying a reasonable flexibility of the culture. From this perspective, Thai negotiators may perceive and conduct an international business negotiation from a very specific frame of reference, which will be substantially different from negotiators in other cultures. 7.

The Similarity and Differences of Negotiation negotiators from different countries. Cultural values can influence international business negotiations in significant and unexpected ways from the first to the last stage of a negotiation. Negotiations are the talks that take place before a contract, deal or covenant is reached. The process may or may not incorporate mechanisms for building trust so that two parties can work together for the benefit for both. The Chinese concept of negotiation rests on creating a framework for long-term cooperation and problem solving, while The Thai concept relies more on the proper aroma approaches.

Nonetheless, the successful negotiations can stem from a natural talent that is inherent to the makeup of some personalities by learning and understanding both concepts. Strategic preparation and cultural awareness can sharpen the competitive edge for companies negotiating in China and Thailand. 7. 1 Differences Cultural differences affect the process of negotiation much more than outcomes. This suggests a major divergence in the styles of Chinese and Thai negotiators related to Hypotheses cultural dimensions.

Masculinity: Consensus and harmony are more radical process factors in successful negotiations for both Chinese and Thai negotiators. Both negotiators concerns take first priority and prefer consensus between the partners before making a final decision (Imprecations, 2006). However, Chinese negotiators tend to be more driven by competition, achievement and success, with success being defined by the winner or best in field

(Needing, 2010). On the other hand, Thai negotiators prefer consensus between the partners before making a final decision.

This creates an atmosphere which facilitates relationships, a highly valued by Thai partners (Imprecations, 2006). Uncertainty Avoidance: Foreign negotiators need to take more time than usual in preparing for negotiations (Imprecations, 2006) and gain as much knowledge about the partner's situation, intent and capabilities when negotiating with This due to the high uncertainty avoidance culture. While, The nonverbal and personal relations are far more important than any written paper to the Chinese (Needing, 2010).

In term of logical coherence, it implies a rational approach, which can reduce the degree of uncertainty in the process. Thai negotiators identify logical coherence as a critical process factor s Logical coherence limits the uncertainty in the process, which related to the high uncertainty avoidance of the This. If the process is a more consistent, Thai negotiator expect that they can establish the clarity of the partner's position in the process and negotiate to obtain the preferred outcome (Imprecations, 2006).

On the other hand, The nonverbal and personal relations are far more important to the Chinese than any signed contract because Chinese contract law allows contracts to be in written, oral or other forms (Gangues & Clapper, 2012). Long-term Orientation: both short-term and long-term, is considered in successful negotiations. Time is considered a resource and should be used effectively to contribute to an expected outcome. Chinese negotiators are

concerned with future-oriented prospects and emphasize balanced results due to the teaching of Confucianism (Neelke Doorn, 2010).

Thai executives are more involved in short-term negotiations and low sensitive to time. Thai executives are typically in short duration buying-selling negotiations (Imprecations, 2006).. 7. 2 Similarities negotiators. The findings on the process, which are not significantly different teens Chinese and Thai negotiators, include two dimensions in Hypotheses theory. Power Distance: It is customary that the foreigner shows his hand or proposal first when visiting the both Chinese and This. Protocol includes formality face, respect, and status that are important in a large power distance culture like Thailand.

Additionally, protocol helps reduce the unfamiliar or unexpected issues during the negotiations (Imprecations, 2006). Individualism: Both Chinese and Thai business negotiators significantly consider limits on the range of possible offers more important than International negotiators. The Chinese use negotiations as a way to build relationships over long extended periods of time. The signing of a contract in China signifies the beginning of a long-term relationship with the Chinese (Snakes et al, 2012).