

SIGNIFICANT DIFFERENCES IN CROSS CULTURAL NEGOTIATIONS

Lect. Luminița Vochița Ph.D
University of Craiova
Faculty of Economics and Business
Administration, Craiova, Romania

Abstract: This paper analyses the importance of different factors that influences cross cultural negotiations. Learning about the components of a cross cultural negotiation process to increase negotiators' success in avoiding barriers and failures in the international business arena is one of the most challenging achievements of the negotiators in the global environment. In the second part, the paper focuses on the one of the most important component of cross cultural business negotiations: differences in the use of non-verbal cues and body language of the parties involved with different cultural background. Understanding and recognising these differences is the first step to avoid costly misinterpretation during business negotiation.

Keywords: cross cultural negotiation, negotiation success, cultural differences, inter-cultural communication, body language

1. Introduction

The impact of international business in domestic markets compels us to ask a question: "How can we survive in this global playing field, and what can we do to run our businesses more effectively?" Nowadays, businesses of all sizes search for suppliers and customers on a global level. International competition, foreign clients and suppliers may become a danger, but they may also create huge opportunities to develop our business. The increasingly global business environment requires managers to approach the negotiation process from the global business person's point of view. This approach includes aspects which are usually unimportant in domestic negotiations. Some of the components of a cross cultural negotiation process are more complex and difficult, but will increase our success in avoiding barriers and failures in the international business arena.

When doing business internationally, we need to consider (Salacuse, 1991):

1. The negotiating environment
2. Cultural and sub-cultural differences
3. Ideological differences
4. Foreign bureaucracy
5. Foreign laws and governments
6. Financial insecurity due to international monetary factors
7. Political instability and economic change

If we consider the fact that negotiating with our fellow citizen is not an easy task due to many individual differences, it would be reasonable to suggest that negotiating with foreigners may be even more difficult. The way we perceive and create

our own reality may be completely different to our counterpart's way of thinking, behaving and feeling. Unfortunately, knowledge of any foreign language is not enough to face and solve the problem. Language is a cluster of codes used in communication which, if not shared effectively, can act as a barrier to establish credibility and trust. We need more effective tools, and the most important is knowledge of all factors that can influence the proceedings. Nations tend to have a national character that influences the type of goals and process the society pursues in negotiations. This is why specifying and understanding cultural differences is vital in order to perform successfully in intercultural communication (Schuster-Copeland 1996, 33). As we better understand that our partners may see things differently, we will be less likely to make negative assumptions and more likely to make progress when negotiating.

2. Factors influencing cross cultural negotiations

When negotiating in the global markets, the negotiators must take into account the most important factors determined by the cultural aspects that influence the negotiations with their partners.

Negotiating goal and basic concept: How is the negotiation being seen? Is mutual satisfaction the real purpose of the meeting? Do we have to compete? Do they want to win? Different cultures stress different aspects of negotiation. The goal of business negotiation may be a substantive outcome (Americans) or a long-lasting relationship (Japanese).

Protocol: There are as many kinds of business etiquette as there are nations in the world. Protocol factors that should be considered are dress codes, number of negotiators, entertainment, degree of formality, gift giving, meeting and greeting, etc.

Communications: Verbal and non-verbal communication is a key factor of persuasion. The way we express our needs and feelings using body language and tone of voice can determine the way the other side perceives us, and in fact positively or negatively contributes to our credibility. Another aspect of communication relevant to negotiation is the direct or indirect approach to exchanging information. Is the meaning of what is said exactly in the words themselves? Does "...it's impossible" really mean impossible or just difficult to realise? Always use questions to identify the other side's needs, otherwise assumptions may result in you never finding common interests.

Risk-taking propensity - uncertainty avoidance: There is always risk involved in negotiations. The final outcome is unknown when the negotiations commence. The most common dilemma is related to personal relations between counterparts: Should we trust them? Will they trust us? Certain cultures are more risk averse than others, e.g. Japan (Hofstede 1980). It means that less innovative and creative alternatives are available to pursue during the negotiation, unless there is a strong trust-based relationship between the counterparts.

View of time: In some cultures time is money and something to be used wisely. Punctuality and agenda may be an important aspect of negotiation. In countries such as China or Japan, being late would be taken as an insult. Consider investing more time in the negotiating process in Japan. The main goal when negotiating with an oriental counterpart is to establish a firm relationship, which takes time. Another dimension of time relevant to negotiation is the focus on past, present or future. Sometimes the past or the distant future may be seen as part of the present, especially in Latin American countries .

Decision-making system: The way members of the other negotiating team reach a decision may give us a hint: who we shall focus on providing our presentation. When negotiating with a team, it's crucial to identify who is the leader and who has the authority to make a decision.

Form of agreement: In most cultures, only written agreements stamp a deal. It seems to be the best way to secure our interests in case of any unexpected circumstances. The 'deal' may be the contract itself or the relationship between the parties, like in China, where a contract is likely to be in the form of general principles. In this case, if any unexpected circumstances arise, parties prefer to focus on the relationship than the contract to solve the problem.

Power distance: This refers to the acceptance of authority differences between people. Cultures with low *power distance* postulate equality among people, and focus more on earned status than ascribed status. Negotiators from countries like Britain, Germany and Austria tend to be comfortable with shared authority and democratic structures. When we face a high *power distance* culture, be prepared for hierarchical structures and clear authority figures.

Personal style: Our individual attitude towards the other side and biases which we sometimes establish all determine our assumptions that may lead the negotiation process towards win-win or win-lose solutions. Do we feel more comfortable using a formal or informal approach to communication? In some cultures, like America, an informal style may help to create friendly relationships and accelerate the problem solving solution. In China, by comparison, an informal approach is proper only when the relationship is firm and sealed with trust.

3. Inter-cultural communication dimensions in negotiations

It is said that over two-thirds of the effectiveness of negotiation is determined by non verbal communication. Body language can therefore frequently provide valuable insight into a person's feelings and attitudes. Gestures and facial expressions can communicate diverse emotions and attitudes. They are, however, often misleading due to the marked cultural differences in the use and interpretation of nonverbal cues. It is therefore important to understand and recognise differences in the use of non-verbal cues, so that the body language of customers, especially those from other cultural backgrounds as your own, is not the cause of costly misinterpretation.

Broadly speaking, body language can be divided into the following categories: facial expressions, eye contact, touch, use of space, gestures, sounds and other actions.

Facial expressions and eye contact. If we, for example, compare African, Arabian or Asian women with American women, we shall quickly establish that there are many cultural variations, and that the only behaviour that has the same universal meaning seems to be the smile!

Cultural similarities	Smile	Eye contact
Arabian	X	
Asian	X	
European	X	X
American	X	X
Japanese	X	
South African	X	X

Many Asians, Africans and Orientals will look down and avoid direct eye contact as a sign of respect, while for Europeans and North Americans lack of eye contact is often an indication of lack of attention, and could be regarded as impolite.

Personal Space. An individual's need for personal space varies from culture to culture. In the Middle East, people of the same sex stand much closer to each other than North Americans and Europeans, while people of the opposite sex stand much further apart. Japanese men stand four or five feet apart when having a discussion Europeans and North Americans would probably regard having a conversation at this distance rather odd.

Touch. Touching is significantly influenced by someone's background and culture. Some cultures, such as Arabs, may touch once or not at all, while North Americans could touch each other between two and four times an hour, according to some researchers. People from the United Kingdom, certain parts of Northern Europe and Asia touch far less, while in France and Italy people tend to touch far more frequently. It is obvious that touch is a sensitive issue and, to be on the safe side, avoid touching during negotiation as far as possible.

Beckoning with the Fingers. In many regions of the world, to ask someone to approach you by beckoning with the upright forefinger is distinctly rude, as is the defiant gesture of disapproval indicated by the raising of a digit finger from a clasped fist on an extended arm. (The latter gesture is known to be, and usually intended to be, rude in almost any society).

Crossed Legs. There is a lesser gesture that could be more offensive than expected, namely when the foot on the upper crossed leg is pointed directly and frequently in the direction of people from especially the Middle East. The foot, when 'bounced on the knee' in the general direction of people from Islamic countries, can cause discomfort, perhaps even distaste, since it may symbolise, in body language terms, an accusing or threatening weapon. The solution is not to cross the legs when in such company and to take care in which direction the foot is pointed.

If you also keep your arms crossed over your chest and lean back in your chair besides just keeping your legs crossed, you could be demonstrating distaste or defensiveness.

Other Gestures. Gestures such as a clenched fist or pointing the index finger often reflect an aggressive or frustrated attitude. Negotiators should avoid using these gestures.

Other gestures to avoid are 'thumbs up' and 'okay' signs. These have positive connotations in the UK and America, but in Iran and Spain the 'thumbs up' sign is considered obscene, while the 'okay' sign has a similar meaning in Greece, parts of Eastern Europe and Latin America. It could also mean 'worthless' or 'zero' in France.

Moving the head from side to side could indicate agreement in Asia, whereas elsewhere in the world a similar shaking of the head means the opposite.

Sounds and other Irritators. Audible signs of nervousness such as clearing the throat, sighing or making 'pew' noises are easily recognisable. Cigarette smoking, jingling coins in the pocket, fidgeting in the chair, beads of perspiration or wringing hands are other signs of growing nervousness. More subtle indicators are pinching or picking at flesh or fingernails, tugging at the ears or clothes when seated, covering the mouth when speaking or simply not looking at the person being addressed. Some of these gestures can also imply suspicion. This is compounded if the negotiator edges away (or leans back) or if the feet or body is turned sideways towards the exit. More

subtle indications are sideways glances, rubbing of the eyes, touching and rubbing of the nose or buttoning the coat while drawing away.

A lack of cooperation can be manifested through a stiffened back, or the authoritarian stance of hands grasped behind the back. Hands on the lapels of jackets will also send the same message.

Negotiators may be frustrated by any uncooperative behaviour. The frustration may materialise itself by audible sounds, taking short breaths or by clenching the hands tightly or making fist-like gestures. As this frustration increases, other more visible gestures may follow such as pointing the index finger, running hands through hair and rubbing of the neck. If negotiators are more self-controlled, they may hold their arms behind their backs, grip their wrists, or lock their ankles while sitting.

Other Areas of Misunderstanding. Apart from nonverbal communication, other cultures could also be irritated by other habits and actions of negotiators such as the lack of attention to time and timing, to interpersonal relationships, dress, silence and the use of certain words and phrases.

Time. The inability of customers to keep to time is probably one of the most significant irritations in cross-cultural negotiation. Those cultures that are less aware of exactness in time and timing, often cannot understand the preoccupation of Americans and others with time, and vice versa. South Americans and Africans may claim that the inability to be on time is only the unavoidable and unforeseen occurrence of other duties - such as those involving family or friends - or unexpected duties placed on them by members of ruling families that draw them away from agreed meetings with Westerners.

Westerners normally have no concept of the absolute duty that some cultures have towards family situations that are, in general, far greater than those undertaken, or expected in the Western society. "My brother telephoned and asked to see me, so I had to go to him: I am sorry I had to miss our meeting" is typical of the remark an Arab, African or Spaniard would make. They seem to believe that the situation involving a family member would be understood, and they often fail to comprehend that such a reason would not be good enough for most Westerners. The Westerner would have been far less bothered if a phone call, rearranging the meeting, had been received. 'Time' is therefore a major area of culture clash. Precise habits are often regarded by some cultures as strange because it disregards the importance of the right 'psychological timing' in negotiation. Westerners will often plough ahead with unpopular subjects simply because the clock and agenda indicate that they should.

Interpersonal Relationships. Western negotiators are often hopelessly unaware of the personal relationships and general local under currents that dominate decision making in some countries and cultures. They are therefore well advised to be patient. But they should always be ready to act very quickly once a decision to proceed has been taken. This can occur quite without warning. As a rough guide, 95% of time spent in Japanese business activity will be spent discussing, collecting information, and waiting, followed by a 5% period of intense work against impossible deadlines.

Rude Words. Many Westerners will notice that some officials, such as traffic police or those at immigration or customs posts, appear rude in their demands: "Give passport now" and "I want documents" without the adoption of 'please' and 'thank you'. To many Westerners this is inexcusably rude English and quick offence is taken. They therefore fail to recognise that the local may not have a command of English above that of functional necessity.

Use of First Names. Most cultures will easily sense when personal relationships have developed to such a point that the use of first names may be adopted as natural and normal. They may know, for example, that such a point may be reached earlier with the Americans, later with the French, and somewhere in between these two nationalities for Britons and other nationalities. Some cultures, though, seldom use first names, even amongst friends (e.g. Japanese), and it could be important to make sure of the customs related to the use of first names before negotiation commences.

Dress. As a general rule a business visitor to a foreign country should dress well. Men should dress in a good suit and tie in most foreign countries. Be patient, be punctual, expect to wait, and do not be overly demonstrative in personality or mannerism. Businesswomen in Islamic countries should take care to dress with slightly lower hemlines than in the West and with the shoulders and arms covered down to the wrist.

Overt Emotions. Public loss of temper could, in many cases, end all further discussion or association. A person who has been seen to lose his temper will, in many countries, be regarded with suspicion and this behaviour must be changed if the project is to go forward. The whole process of developing trust and a close and personal relationship will then have to start from the very beginning.

Most Westerners find silence embarrassing and will seek to fill a gap in conversation. Many cultures are wholly unembarrassed by silence and are content with being in another's company. Speech is not always essential on such occasions, and there can be long periods of silence, intermingled with periods of gossip and story telling. Many cultures are aware of, and are perhaps amused by, the stress that silence can cause in Westerners, and it is not unknown for negotiators deliberately to create an embarrassing period of silence when bargaining perhaps to encourage a concession from the other side. The solution is to be ready to fall silent, and to remain silent.

4. Coping with culture - some guidelines to be followed by the negotiators

Negotiating in the international environment is a huge challenge for any negotiator. How do we cope with the cultural differences? What approach is more efficient and proper when dealing with Japanese, Americans or Germans? There are some very helpful guidelines we can apply (Salacuse, 1991):

1. ***Learn the other side's culture***

It is very important to know the commonest basic components of our counterparty's culture. It's a sign of respect and a way to build trust and credibility as well as advantage that can help us to choose the right strategies and tactics during the negotiation. Of course, it's impossible to learn another culture in detail when we learn at short notice that a foreign delegation is visiting in two weeks' time. The best we can do is to try to identify principal influences that the foreign culture may have on making the deal.

2. ***Don't stereotype***

Making assumptions can create distrust and barriers that expose both your and the other side's needs, positions and goals. The way we view other people tends to be reserved and cautious. We usually expect people to take advantage of a situation, and during the negotiations the other side probably thinks the same way, especially when there is a lack of trust between counterparts. In stead of generalising, we should make an effort to treat everyone as individuals. Find the other side's values and beliefs

independently of values and beliefs characteristic of the culture or group being represented by your counterpart.

3. ***Find ways to bridge the culture gap***

Apart from adopting the other side's culture to adjust to the situation and environment, we can also try to persuade the other side to use elements of our own culture. In some situations it is also possible to use a combination of both cultures, for example, regarding joint venture businesses. Another possible solution is to adopt a third culture, which can be a strong base for personal relationships. When there is a difficulty in finding common ground, focusing on common professional cultures may be the initiation of business relations.

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