The Intercultural Dimension: A Determinant Factor in the Future Development of the International Commercial Negotiation Process

Dorothea Lidia Caraman

ABSTRACT: The theory and international practice enshrines negotiation as being a multidimensional concept, based on communication. This feature confers negotiation a complex and varied content and makes it dependent on multiple factors that determines its success. These factors which have a significant importance on international negotiation include also culture, which contributes significantly to the enhance of the negotiation process complexity, adding a new dimension to the content of international negotiations. The participant's culture proves to be one of the strongest and most influential factors that can stimulate or taint the process and the results of negotiation. In this paper we propose to analyze the implications of the cultural factors on the negotiation process and how they can stimulate or taint the process and the results of negotiation.
KEY WORDS: culture, international negotiation, intercultural differences

Present in everyday language, the term negotiation is assimilated with a way of thinking, with an attitude, a behavior, a science, a philosophy. "In business you do not get what you deserve but what you negotiate," said Chester L. Karrass, repeating in this way a gloomy assertion, but a commonly accepted one.

Moreover, in the specialized literature, there is an analogy between negotiation and a chess game in which everyone move their pieces in order to win. Therefore, negotiation, represents a process of exchanging ideas, beliefs, strategic discussions, a process which is heading for an agreement. In the broadest sense, the specialized literature describes negotiation as a concentrated and interactive interpersonal communication,[1] in which two or more parties with contradictory interests and positions, but complementary, aim to reach an agreement that can solve a common problem or can achieve a common goal. In this confrontation, in a principal and loyal mode, evidence and arguments are brought, objection and claims are formulated, concessions and compromises are made in order to avoid the rupture of relations but also to avoid the open conflict. Therefore we deduce that negotiation is an acceptable way of cooperation, through which the parties can reach to iron out the differences between them on the basis of mutually beneficial solutions. And the main objective of the negotiation is not achieving a victory, but an agreement of will, a consensus between partners and not between adversaries. Consequently, negotiation, when is performed properly should not give rise to any defeated party, but on the contrary, all the participants to the negotiation should feel that their own necessities have been satisfied or that the right decision has been made.

The negotiation process involves therefore the need to fulfill previously at least two major conditions: accepting the legitimacy of the parties positions (the premise consists in accepting the existence of differences between the partners, where objectives, interests and views of everyone are legitimate) and the cooperation bet (partners will focus their attention on the elements of cooperation and not on divergent elements.) In this respect, within the relationship between the parties, negotiation will involve a set of reciprocal concessions that will be repeated until the balance will be reached, balance which will be evaluated by each party involved in the negotiation according to his needs.

An important distinction of negotiation, which results from the multitude of definitions given to this term over time, is that of internal negotiations, held at national and international level,

negotiation with foreign partners. The latter, which is the subject of our study, is characterized by a greater complexity, as the confrontation between supply and demand on the foreign market is more diversified, determined by many factors such as international business practice, the national laws of the parties entering into negotiation, the internal prices level, foreign economy, the diversity of the exchange rates, the increased exigency towards the technical qualitative level, and not least, cultural diversity dimension. The international negotiation has an intercultural character, meaning that the parties are from different cultures and the communication and harmonization process of the interests is complex and is influenced by the diversity of socio-cultural, political, ideological, legal factors, etc. In general, however, whether it is a meter of internal or international negotiation, the definitions emphasize, as a defining characteristic of negotiation, communication. Therefore we retain that the commercial international negotiation is an organized process of communication between companies or partners which come from different cultures aiming to gradually adapt their interests related to the subject of negotiation, in order to achieve a mutually acceptable business arrangements, materialized in the international contract.[2] There are also problematic aspects of negotiation (if handling and confrontation, through which the parties pursue quite different goals than reaching a mutually beneficial agreement, represents a form of negotiation) on which we will not tarry to much, being too far from our subject.

But what does "culture" means? It seems obvious that, at the first glance, it is culture that makes Americans Americans, Frenchmen French or Romanians Romanians. Geert Hofstede[3] compares culture with a kind of *software of the mind,* which mentally programs the way of thinking, acting and of perceiving reality, developing the self image of each person in relation with the members of a group or category of people. Conceived in this way, culture is not genetically given, but represents that legacy that is transmitted through distinctive features of a society, in spiritual, material, intellectual or emotional terms. Therefore, there are no such special genes that would compel Germans to cherish the rigid order, or Americans to value individualism and courage. It is about a behavior cultivated

over time, which therefore, can be changed. In the spirit of Hofstede's metaphor, it would be enough to install to each negotiator a cultural *software* in order to determine them to think like a Frenchman, like an American or like a Brazilian. Unfortunately, things are not like this in reality nor are so simple. In order to understand the spirit of other cultures and implicitly to understand its members modality to negotiate, it requires an intense study, a great sense of observation and, above all, the willingness to learn, giving up the preconceived idea that, in all respects and without a trace of disbelief, *our culture is superior to others*.

We will begin in this way to experience the culture only when we will be forced to acknowledge the fact that not everyone feels and lives the same way we do. Or when we will notice that there are people whose "moral order"—whose ". . . model of constraints and permissions to act in certain ways and [their] prohibitions not to act in other ways"[4]—differs from ours. But, instead of focusing on what is different towards the other culture, we will submit our own culture to the same attentive investigation that we apply other cultures.

To achieve this insight we should take into consideration the cultural variables that influence both our negotiating strategies and our partners strategies: contextual factors (basic factors), the negotiation process and the atmosphere.

1. The contextual factors are represented by:

• *Objectives*—results desired by each side. These may be common, conflicting or complementary with those of the opponent. Excepting the conflicting objectives, the other two are positively influencing the negotiation process.

• *Environment*—represents the cultural factors, the social and structural ones which are relevant to both parties in the negotiation process (time, location, the culture of the negotiator etc.).

• *Third parties*—other participants in the negotiation process such as consultants, advisors, subcontractors etc.

• *Negotiators*—they will influence the negotiation process through their expertise and negotiating skills. Also, the negotiator's personality is of a great importance in the negotiation process. A

personality that will be appreciated is a personality that has the ability to make others understand its position and also has the ability to approache foreign persons easily and without any problems.

• *The partners position on the market*—if the position on the market of a party is one of monopoly the negotiation process will be influenced due to the high pressure that will be on the partner which is negotiating with the partner that holds the monopoly.

2. The negotiation process—unfolded in an international context will be influenced by the cultural factors, as well as by the strategic ones. The cultural factors include:

• *Time:* in the Western culture is more valued, having a greater importance ("time is money"), while in Asia, Latin America and Africa is not such a valuable instrument. However, it is advisable to specify in advance the behavior related to time (the desired length of negotiation) for a better planning.

• *The individual conduct versus the collective conduct:* knowing this fact about the other party is essential in building the strategy. We need to find out if the other team of negotiators will search for a individual solution or for a collective one, so as a negotiator to be able to formulate efficiently his arguments and counterarguments.

• *The communication pattern:* while direct communication is specific to some cultures, other culture prefer indirect communication. Thus, words such as "may," "possible," "I will think about it" can mean "no" or "impossible" and in other cultures can mean "yes." Arabic and some Asian languages, contain many exaggerations and metaphors that are part of the indirect communication.

Also, Germans and Americans prefer direct communication, while Japanese and French appreciate the indirect communication. Indirect communication is more difficult to be comprehended for someone who does not have enough information such as the one who uses this type of communication. The indirect communication implies metaphorical references, allusions, subtle facial expressions and rich body language. It is not recommended to use indirect communication if the partner is not using it, because it is seen as a sign of insincerity.

• *The emphasis on personal relationships:* this can vary according to each culture. In some Western countries the negotiator personality does not matter as much as the subject of the discussion or, conversely, in other cultures, the negotiator personality may worth more than the organization he represent.

• *Inclination toward risks:* Some cultures are more predisposed to risk than others. Japanese will not subdue to risks, but Americans and Indians will not flinch back from this.

• *The scope of negotiation:* the aim is to seeks the link between contract and relationship (*which is the purpose of t bouth*). On the one hand the aim is to seek the legal form of negotiation, rights and responsibilities and, on the other hand, the aim is to establish a relationship based on trust. While Americans consider that signing a contract means only completion of the transaction, the Chinese and the Arabs consider that this is the first step in the consolidation of a long term relationship.

• *The strategic factors:* to develop a strategy during a international negotiation, the negotiators must consider the following things:

• Negotiation may take place both in a *formal and informal setting.* The formal and informal style is different in many countries, therefore, to avoid mistakes is necessary to know the style approached by the opposed party, and what this entails.

• It is recommended to know, as far as possible, *what kind of strategy the other party will use.* So, one can choose between a hard, soft or intermediate strategy.

• An important thing is to know if the opponent party uses an *impulsive or rational approche in making decisions.*

• Identifying *the need to contract a consultant* and analyzing the cost–benefit ratio, in case the other team is better prepared and have better knowledge in the field.

3. The atmosphere—is perceived as the way in which one party sees the behaviour of the other party.

The atmosphere characterizes the relationship that develops during the negotiation process. The atmosphere features may differ from a negotiation to another. These characteristics are:

• *Conflict/Cooperation*—The existence of conflict and cooperation represents a basic feature of the negotiation process. The parties have common interests in finding solutions, leading initially to the cooperation between the two teams. In the same time, a conflict of interest may occur, because the costs for one of the party represent incomes for the other party.

The degree of conflict or cooperation depends on the negotiated subject, the discussed issues (price, technical information, etc.) and on how the two teams treat those problems. In any negotiation process, each stage can be placed on a scale that has the cooperation and conflict at opposite poles.

• *The relationship power/dependence*—it is influenced by a number of context factors, such as the market position of the opponent team. For example, if the opponent team holds the monopoly, then, it will be in a position of power, and the other team will be the dependent one.

Also, the ability to control a relationship is related to the perceived power of the two sides, to the experience of the negotiators and their access to information. Therefore, a balanced power relationship will only be possible if both sides perceive a equal power (none of the teams do not consider to be dependent one of the other).

Expectations can be of two types: *the long–term* ones, concerning the possibilities of a future business, and *the short–term* ones, which relate only to the current transaction.

While those who have long–term expectations are more inclined to agree for a deal concerning the current transaction (*because they are aiming for amicable collaboration also in the future*), those with short term expectations, focuses only on the objectives of the current transaction and have a greater involvement in the process of negotiation as they consider that participation brings better results than non-participation (through their active participation they determine the parties to move quickly from one phase of negotiation to another one). The expectations are in progress and may change in the different stages of negotiation.

So, having the quality of negotiators, and taking into consideration the above menentioned factors, it is very important

to recognize that the reasons for which people choose an action against another one are complex and are shaped by context. This approach is based primarily on the idea of finding a winning solution on both sides,[5] to resolve the problem so that both parties to be satisfied, where "Gain" is the solution which satisfies both paties. So, "whenever there are differences between the cultural patterns of the negotiators, the business problems must be dealt starting from these differences, which represents what is known as cultural distance."[6] And for blurring the cultural distance will be pursued a way to create a bridge between cultural differences by appealing to the following modalities:

> • the use of other's culture to create a bridge (*a trick is to say that one of your family members belong to that culture*);
> • the use of your own culture to create a bridge (*you convince the other partie to adopt elements of your culture by offering training programs in your country*);
> • the use of some culture combinations (*elements from both cultures are used*);
> • The use of a third culture (*negotiators who share a love for a certain culture different from their own culture, can use this in order to build a relationship*).

NOTES

[1] "Negotiation is a form of communication that involves a communicative process, a dynamic one, of adjustment, of establishing the agreement in case of conflicts of interests, whereby two or more parties, animated by different motives and having their own objectives, mediates their positions to reach a mutually satisfactory agreement,, Deac, Ioan, *Introducere în teoria negocierii.* Bucuresti: Editura Paideia, 2002, 9.

[2] Adaptare a definției prezentate de Calancea Eduard în Suportul de curs: *Negocieri comerciale internaționale.* See: http://www.ase.md/~crei/files/calancea.pdf. (Last accessed on May 3, 2016.)

[3] Hofstede G, 1994, *Cultures and organizations.* London: Harper Collins Business trad. în limba română: Hofstede G, *Managementul structurilor multiculturale.* București: Editura Economică, 1996.

[4] W. Barnett Pearce, Stephen W. LittleJohn, *Moral Conflict: When Social Worlds Collide*, 1997, 54.

[5] Kevin Avruch: *Culture and conflict resolution*, 1998, 77–80.

[6] V. Danciu, „Negocierile internaționale de afaceri sub impactul culturii: o analiză bazată pe comparații contextuale," Economie teoretică și aplicată, volumul XVII, (2010), 86–104.

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