

TOPIC EIGHT

Negotiation in an International Context

8.0 Introduction

This chapter introduces students to negotiation in an international context with a specific focus on culture. Cultures vary from country to country and from region to region, within the same country. It is important to understand the aspects of culture and their impact of negotiation.

8.1 Learning Objectives / Outcomes

At the end of this chapter students will be able to:

1. identify and describe the aspects of culture
2. Evaluate the impact of cultural factors and aspects on the negotiation process
3. Design applicable and relevant solutions to the challenges posed by cultural factors during negotiation

8.2 Definition of Culture

Culture refers to the beliefs, customs, arts etc of a particular society or group of people.

Culture is a total communication framework and includes;

- Shared meanings, values and beliefs
- Group and ethic orientation
- Judgment and opinion on good and bad
- Language

Without an intimate understanding of these aspects, misperception and distortion in communication is certain. Culture impacts on all areas of an international negotiation: the motivations the parties have to enter the negotiation, the process of negotiation, the outcomes achieved, the traditions and values that underlie the agreement and the specific situational conditions within which the negotiation takes place.

8.3 Dimensions of Culture / Aspects of Culture

Hofstede (1991) identifies five (5) dimensions of culture. These are discussed below:

1. **Individualism / Collectivism**; this represents an independent versus a team approach, where impact is likely to be on processes, outcomes and preferences for conflict

resolution. Collectivist cultures favour a longer-term relationship whereas individualistic cultures focus on the short term, preferring to introduce new negotiators to resolve problems.

2. **Power distance**; this refers to acceptance of inequality in society and the use of power. High power distance cultures tend to defer decision making in negotiations to a leader within an organization which results in a slow process, whereas low power distance cultures tend to make decisions more quickly because they are made through the organization.
3. **Masculinity / Femininity**; this refers to male assertiveness versus the more female concern for relationships. More masculine cultures favour more competitive negotiations whilst feminine cultures prefer collaboration and compromise.
4. **Uncertainty Avoidance**; this is the extent to which structures and risk avoidance is preferred to rapid change and new situations. Those cultures that prefer structure and are therefore more stable, tend to be high in avoiding uncertainty. Such cultures are uncomfortable with ambiguity and prefer procedures and rules to guide the negotiation process. Cultures that are low in avoiding uncertainty are more appreciative of less structure in the negotiation process.
5. **Long Term Orientation**; this includes work ethics and commitment. This dimension relates to deeply rooted values and traditions. A high orientation in business may indicate non-acceptance of outsider influence whereas a low orientation may indicate willingness to accept change more easily.

Activity

1. What are the sources of cultural differences?
2. Give local examples from Uganda to indicate on which side of the above dimensions Ugandan culture lies

Other Aspects of Culture /social-cultural environmental factors

Other aspects of culture include;

- ❖ religion,
- ❖ language,
- ❖ norms,
- ❖ values,
- ❖ beliefs,

- ❖ aesthetics,
- ❖ customs and taboos,
- ❖ etc

Activity

Discuss the impact of the aspects of the social – cultural environmental factors on the negotiation process

8.4 Preparing for Cross – Cultural Negotiations

There are a number of problems that negotiators should be able to deal with in cross – cultural negotiations. These include:

- ❖ Overcoming culture shock; negotiators typically go through four phases of adjustment to a new cultural setting; excitement and anticipation, awakening, disillusionment and realisation.
- ❖ Dealing with your boss; because of the protracted nature of the negotiation, your boss may be unhappy with status reports on progress, especially when it is perceived that very little has been achieved other than social interaction.
- ❖ Dealing with the negotiation team; negotiators may have to deal with escalating costs, with personality issues and disagreements among team members, and with building the team approach for negotiation.
- ❖ Resolving ethical issues; bribery and payments made to individuals to speed up or guaranteed desired outcomes may be commonplace in some cultures; or the giving of gifts may be seen as a good way to build relationships.
- ❖ Venue; costs and culture shock are key problems to negotiating in a foreign country.
- ❖ Pace of negotiation; what pace will the negotiation take? Fast? Slow?
- ❖ What is the role of relationships and what emphasis is placed on them?
- ❖ Negotiating strategies; opening offer, BATNA, presentation of issues including level of detail and formality, concession patterns, conflict resolution processes.
- ❖ Decision making process, including authority, team roles, interests and positions of individuals
- ❖ Contractual aspects, including bureaucracy, need for an advisor, e.t.c

8.5 Dos and Don'ts for Cross – Cultural Negotiations/ Relevant solutions to the challenges posed by cultural factors during negotiation

Hendon et al (1996)¹ recommend a number of dos and don'ts for cross – cultural negotiations. Hendon, DW, RA Hendon and P Herbig (1996) *Cross Cultural Business Negotiations*. London: Quorum Book

- ❖ Do plan effectively; know the limits to the information you want to disclose to the other party; ensure the team know what they are doing. It is also useful to prepare for the tactics the other party is likely to use, so take time to research this aspect thoroughly.
- ❖ Do undertake preliminary work with advisors, mediators or others who are familiar with the cultural context and who may act as a go-between. This will help to build the relationship with key individuals before the main negotiators attend a face-to-face meeting.
- ❖ Do take time to learn the local language, or employ an interpreter, if the latter, learn how to use one effectively.
- ❖ Do use visuals to support the communication process in the negotiation meeting; pictures are easier than words to understand.
- ❖ Do use time effectively; be prepared for a longer negotiation process and take care not to reveal return plans as they may be used against you.
- ❖ Do use ethnic origin individuals with care. Most people are loyal first to their original culture and second to their citizenship but where an individual has been 'acculturated' into an organisation and country, then it is possible they may have lost touch with subtle and key cultural overtones.
- ❖ Do be aware of longer-term implications of the negotiation and agreement reached. In some contexts, the agreement reached is the first stage of a continuing relationship.
- ❖ Do not be intimidated into reaching an agreement; this is especially true if you have identified your BATNA.
- ❖ Do be aware that the other party's approach to negotiating may be different. Take care, therefore, not to assume the tactics you use are perceived in the same way by them.
- ❖ Do know your BATNA

Impact of culture on the negotiation process

- ❖ Different languages
- ❖ Different values
- ❖ Different dressing codes

- ❖ Different ethics as regards gifts and hospitality
- ❖ Different communication styles
- ❖ Different negotiation styles
- ❖ Different conflict handling mechanisms the challenges associated with the use of online/e- negotiations and telephone negotiations etc
- ❖ Different ethics
- ❖ Femininity Vs masculinity
- ❖ Power distances
- ❖ etc

8.6 Questions

1. Explain how you would ensure effective communication with people from different cultural backgrounds.
2. Discuss the challenges faced by negotiators in a cross – cultural environment. Give suggestions on how these challenges can be overcome or minimised.
3. Mary Nakanjako, a Ugandan is negotiating on behalf of the purchaser with Hans De Leuw, a Belgian negotiator acting for the seller. They have both lived their lives in their respective home countries and can be described as being typical representatives of their culture. Discuss the likely impact of their different cultural backgrounds on the negotiation. Advise Mary on how she should adapt her behaviour during this negotiation.

Addressing concerns when negotiating in international contexts

- ❖ Cultural Awareness
- ❖ Language and Communication
- ❖ Regulatory and Legal Frameworks
- ❖ Trust and Relationship Building
- ❖ Power Dynamics and Stereotypes
- ❖ Emotional Intelligence
- ❖ Pre-Negotiation Preparation
- ❖ Active Listening
- ❖ Creative Problem-Solving
- ❖ Closing and Implementation

Negotiating decisions and managing conflict (s) in multicultural teams

Negotiating decisions and managing conflicts in multicultural teams requires a thoughtful and structured approach. Here are some strategies to help:

- ❖ Negotiating Decisions
- ❖ Conflict Management
- ❖ Multicultural Considerations
- ❖ Strategies for Managing Conflict

Strategies for successful cross-cultural negotiations

- ❖ Pre-Negotiation
- ❖ Building Relationships
- ❖ Communication
- ❖ Negotiation Tactics
- ❖ Cultural Awareness
- ❖ Emotional Intelligence

Ethical considerations in cross-cultural/ International procurement negotiations

- ❖ Cultural Awareness
- ❖ International Laws and Regulations
- ❖ Transparency and Fairness
- ❖ Gifts and Hospitality
- ❖ Confidentiality and Data Protection
- ❖ Social Responsibility
- ❖ Anti-Corruption Measures
- ❖ Code of Conduct