CROSS-CULTURAL NEGOTIATIONS

Dr Sabariah Md Rashid
What Makes Cross-border Negotiations Difficult?

- **Political & legal pluralism** – the legal & political system of a country: implications for taxes, labour codes, different codes of contract law & standards of enforcement; political considerations in various countries at different times.

- **International economic factors** – fluctuation of international currencies: which currency to use?; control of currency flow across the border.
• *Foreign governments & Bureaucracies.* how a govt. regulates industries & organizations?; political considerations e.g., the effect of the negotiations on the govt. treasury, general economy of the country, other social conditions etc.

• *Instability* – considering the degree of stability in a country.
• **Ideology** – different ideologies in different countries; clashing ideologies increase communication challenges in cross-border negotiations: parties may disagree on the most fundamental levels about what is being negotiated.

• **Culture** – people from different cultures negotiate differently: fundamental beliefs about what negotiation is??
Differences Among Cultures

• *Power Distance* – cultures with greater *power distance* are more likely to have decision making concentrated at the top.

• *Individualism/Collectivism* – the extent to which the society is organized around individuals or the group: *Individualistic* societies – encourage the youngsters to be independent/look after themselves; *Collectivistic* societies – integrate individuals into very cohesive groups that take responsibility for the welfare of each individual.
• Masculinity/Feminity – the extent to which values were held, e.g. assertiveness, the acquisition of money & things, and not caring for others, quality of life, or people (Hofstede, 1989);

Masculine cultures – competition; Feminine cultures – show more empathy for the other party & seek compromise.
• *Uncertainty avoidance* – the extent a culture programs its members to feel either comfortable or uncomfortable in unstructured situations; Negotiators from *uncertainty avoidance* cultures: not comfortable with ambiguous situations, likely to seek stable rules & procedures in negotiation; Negotiators comfortable with unstructured situations: likely to adapt to quickly changing situations & will be less uncomfortable when the negotiation rules are ambiguous or shifting.
Cultural Factors that Affect Negotiations

• Definition of negotiation
• Selection of negotiators
• Protocols
• Patterns of communication
• Time
• Risk propensity
• Groups versus individuals
• Nature of agreements
Some Specific Country Negotiation Styles

☐ Key Traits of American Negotiators

- Open & direct communication
- Are impatient
- Prefer to work alone
- Emphasise short term
- Limited cultural experience
- Emphasise content, not relationship
- Are legalistic
Weaknesses of American Negotiators

- Enter into win-lose strategies
- Ignore cultural gaps
- Overlook host country obstacles
- Too rushed
- Do not identify communication barriers
- Use difficult language
Key traits of the Japanese negotiators

- Avoid conflict
- Promote harmony
- Larger organizations:
  - enormous power status,
    need to consider the needs of smaller sellers in negotiating
- Relationships between negotiating parties – more important in determining the outcome of negotiations
• Value relationship: very cautious about entering into a relationship & take care to evaluate long-term implications of doing business together
• Early stage of negotiation – entertaining; sporting/cultural events; ceremonial gift-giving - getting to know the other party to build strong interconnections
• Excellent teamwork
• Seek broad agreement
• Very polite & very reluctant to say “no”; rather be silent
• Very secretive
Key traits of the Chinese negotiators

• Stress ethics & moral principles
• Apply ethical & moral principles in a group discussion to resolve differences of opinion & harmony
• Cannot make decision without awareness of the political consequences
• Take great care not to make a mistake
• Skilled at using pressure tactics to gain advantages during negotiation
• Patient in dealing/negotiating
Key traits of the Korean negotiators

- Make decisions rapidly
- Send junior people to the negotiating table – a delay tactic: to gain further concessions
- Establishing relationship is important, but not afraid to be direct & confrontational during negotiation
- Can occasionally appear somewhat irrational & inconsistent
- Not blindly driven by profit, focus on long-term objectives
Ten Global Negotiating Strategies

- Plan the negotiations
- Adopt a win-win approach
- Maintain high aspirations
- Communicate early
- Ask lots of questions, listen and observe
- Create good relationships
- Maintain personal integrity
- Conserve concessions
- Be patient
- Adapt strategies to the host country and buyer’s culture