International Business Negotiations: Culture, Dimensions, Context

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Abstract
Context of the negotiations at the international level is faced with the differences between various cultures: a long-term attitude towards communication, the power placement, the uncertainties avoiding, emotional differences between the negotiating parties and others. These and other differences in cross-cultural dimensions can influence the process of negotiations between the representatives of different cultures in the negotiations. There may happen in a variety of misunderstandings in negotiations and between the two parties of the same culture, while the process of preparing for the talks with different cultures require The article discusses cultural dimensions, their effect on negotiations. The analysis performed the global scientific literature, cultural dimensions and presented their comparison. There are investigated international business negotiation context and cognition aspects also. Paper includes suggestions for further research of international negotiations.

Key words: business negotiations, cultural dimension of negotiation, context of international negotiations, international negotiation context, the knowledge and the key elements of the negotiating parties incompatibility.

1. Introduction
Relevance. The international business representatives from different countries when preparing for a business partnership or the transactions often are analyzing traditions, differences, and properties of other countries. Businesses in order to facilitate business process are trying to adjust to the peculiarities of the other party. In order to achieve this can be analyzed cultural dimensions which can convey the essential incompatibilities between the parties. Analyzing incompatibilities between different cultures there can be used the analysis of Hofstede's cultural dimensions. This can be very useful in the design of international business negotiation processes because it can convey the differences between the different cultural dimensions among the negotiating parties.

Intercultural differences dimensions may influence the negotiation process between representatives of different cultures. There may be different understanding of the various symbols or actions in different cultures. So, before the start of international negotiations it is necessary to get acquainted with other cultural features, or even to hire mediator who knows this culture well. In special literature it is recommended to communicate in the international negotiations with intermediaries who are familiar with the culture of the other party and having legal background, because they may have the knowledge about cultural and legal aspects in the negotiations about the other party. The problem - in the scientific literature are not sufficiently investigated effects of different cultures to the course of the negotiation process and the final results.

The object of investigation - The processes of international business negotiations.
The aim - To make a comparative analysis of world literature and practice in international business negotiations.
Research methods - The systematic, comparative, logical analysis and synthesis of the scientific literature.

2. Cultural Dimensions Analysis
Context of the negotiations at the international level is faced with the differences between various cultures: a long-term attitude towards communication, the power placement, the uncertainties avoiding, emotional differences between the negotiating parties and others. These and other differences in cross-cultural dimensions can influence the process of negotiations between the representatives of different cultures. May vary understanding of various symbols or actions in different cultures. Impact of negotiation strategies for the final results are significant, therefore, in the preparation phase of negotiations it is necessary to examine the cultural dimensions of the other party. In special literature are observed that for the negotiating team during negotiations with other cultures is needed to adapt. Therefore, it is necessary not only to get acquainted with other's cultural dimensions, but also with the existing differences, which may arise difficulties in communicating.
One should also to predict potential cross-cultural conflicts, misunderstandings and the measures to prevent them. Therefore, in the article are analyzed cultural dimensions described in the world literature. In scientific literature can be found a lot of the concepts of culture and they are very different. So in the article will be presented contributions of several authors.

Culture is a set of beliefs and values (Javidan and House, 2001), Hosted By (1991) write that culture is the collective programming of thinking that distinguishes members of one group from the other in terms of values forms, beliefs, assumptions, expectations, perceptions and behavior. Cultural values are desired practice and cultural practice of people, show people's perception of everything what is being done in their countries (House et al., 2002). It can be argued that culture is a set of shared attitudes, values, goals, and practices, according to which described institution, organization or group affects all aspects of society and human life (Gaygisiz 2013). Culture is defined as a constellation of slightly interconnected values, practices and norms, by which are shared related group of people of a certain nation (Chiu et al. 2010). Culture consists of a set of values and practices that have been developed and maintained from generation to generation (Markus and Kitayama 1999). Culture reflects the values and thinking patterns, feelings, emotions, and behavior of identifiable groups. Though many nations have a modern and civilized-developed infrastructure, culture shows how human civilization interacts among each other (Pitta et al. 1999). That author states that the primary cultural values are transmitted by educational process of children of that culture members, in the process of socialization, education, and religion. There are also secondary factors which influence ethical behavior, they cover the differences in the laws between nations, adopted in human resource management systems, organizational cultures, and professional cultures, and codes of conduct (Pitta et al. 1999).

Cultural values shall determine what do members perceive as important, and the cultural norms specifying what does it mean appropriate or inappropriate behavior (Christopher et al. 2005). Also, these authors argue that the cultural values and norms have an impact on how does situation is perceived and how are they responding to other people's behavior. Culture is a complex in which there are knowledge, belief, art, moral norms, customs, and skills that are required from the human in the society concerned (Johnson 1962).

It can be argued that there is no common definition of culture concept in the literature. Therefore, this work will treat that culture is a set of behavioral practices and norms, perceptions, beliefs and values, which are imposed to individual by society. Hofstede has identified four dimensions of cultural change. He conducted a study that reviewed the international corporations of 50 countries and three regions (in original report in 1980 he analyzed data from 40 countries, when later in 2001, the countries surveyed increased from 40 to 50, and an additional 14 countries of three regions) (Lincke 2003).

Hofstede's (2001) concept of cultural classification is based on the idea of individual's mind programming. An individual in the process of socialization from the surrounding environment gets models which act his thinking, feelings and behavior. If an individual child or young person receives certain values and attitudes, he is considered as a "culture bearer" (Pruskus 2004). Values are key components of the mind programs and are the basis of culture. So Hofstede (2001) have defined the culture as "the collective programming of the mind which separates the members of one group from another."

Culture is a system of collective behavior, which is determined by values. These cultural values determine how the individual or a social group is responding to the current environment. Hosted proposed the paradigm (Pruskus 2004), which identified five problems of cultural dimensions (the facing every culture, and solves them in their own way), according to which separate cultures can be described and compared:

1. Power distance;
2. Uncertainty avoidance;
3. Individualism - collectivism;
4. Masculinity-femininity;

The prevalence of these dimensions reflects the culture in which individuals act as carriers and multipliers of national treasures (Pruskus 2004).
Power distance - is associated with request or non request of inequality in society, as well as with dependence and interdependence levels. This dimension shows how many people recognize that over their management hierarchy are those within power. In cultures with a higher power dimension, managers and subordinates keep each other unequal. Therefore they do not worry and take it as unavoidability, with which is a need to be reconciled. Here the government is centralized, and are experts from the subordinates to carry out orders. Lower power distance cultures, managers and subordinates are treated more equal and there are no such strict boundaries separating them.

Uncertainty avoidance dimension expresses ambiguity, lack of tolerance and the need for formal rules. It shows the extent to which people in a given society feel vague threat situations and tries to avoid them. In high uncertainty avoidance countries with a low uncertainty avoidance, various rules and procedures are emphasized less because it is more reliance on common sense and generalizations.

Individualism - collectivism dimension indicates the extent to which individual interests have priority above the group interests. In countries where is strong individualism or weak collectivism, the individual and the family are emphasized. Here the priority is given to respect for the person and individualism of the family, or in a strong collectivism, collectivity is appreciated because personal identity is based on membership in a group. Individualism and collectivism - these views expresses two poles: a tendency more quickly to meet the personal needs (individualism), or to see the interests of the group (collectivism).

Masculinity - femininity dimension describes what society tends to emphasize: persistence and a performance targets (e.g., wages and promotion), or care, and personal goals (e.g., friendly atmosphere, good relationships with managers and other staff). For this reason, feminine society better adjusts to gender differences than masculine society

Long-term-short-term orientation dimension defines how quickly members of the public expect results. Long-term orientation provides performance-oriented rewards in the future, it encourages perseverance and frugality. Provides a short-term orientation to the past and present times related properties namely the promotion of respect for the traditions and social obligations.

House and others (House et al. 2004) conducted a ten-year research program known as GLOBE, in order to examine culture through values and practices. They presented nine cultural dimensions with explanations:

- **Power distance.** To what extent do members of the public expect that power is distributed equally? It shows what part of the Community. Maintain inequality among its members, individuals and groups stratification of power, authorities, prestige, status, wealth and tangible assets (Hofstede 1980, 1991, House et al., 2004).

- **Uncertainty avoidance.** To what extent do members of the public based on social norms, rules and procedures in order to reduce the uncertainty of future events. This dimension reflects the people's actions to avoid obscure situations, norms, values and beliefs, which are defined in the rules, laws, regulation.

- **Focus on the future.** This dimension shows how many people are involved into future-oriented behavior when delaying to meet the current needs but there are projects and investigation into the future. It reflects the degree to which the community is paying a higher priority to long-term efficiency, and is targeted for capacity strong and wishes deal with future uncertainties and to formulate future goals and to achieve their implementation, to develop strategies which could meet future aspirations (Javidan & House, 2001; Ashkanasy et al 2004).

- **The institutional collectivism.** This dimension reflects the degree that reflects the organizational and public institutional practices to encourage and evaluate the collective distribution of resources and collective action. It shows how many people in the community are integrated into a cohesive group, how much the group goals have priority over the individual goals, how much people point the relationship with the group, and how much a person can engage in group activities and make larger or smaller differences between the group members and people who are not in the group (Gelfand et al, 2004).

- **Group collectivism.** This indicator reflects the extent to which a lot of people feel the pride of fidelity and consistency in their organizations and families. It reflects the degree to which attention is paid to the family and the pride of dependence and devotion to (loyalty) organization (House et al., 2004).
Figure 1. Comparison of cultural dimensions (prepared by the author)

- **Orientation to humanity.** It is a measure of the degree, which evaluates how strong teams, encourage and reward individuals for being fair, altruistic, generous, caring and good to others (House et al., 2002). It reflects how people are tolerant to errors (Healy et al. 2004), friendly, sensitive, and the harmony (Javidan and House, 2001).

- **Performance orientation.** It shows how groups promote and rewards group members for performance improvement and competencies. This reflects how much society encourages its members for innovation, quality and productivity improvement (Javidan, 2004).
• **Gender equality.** This indicator shows how groups seek to reduce gender inequality. It reflects the extent to which society seeks to reduce the differences between women's and men's roles in the home, in organizations and communities (Emrich et al., 2004).

• **Assertiveness.** This indicator shows how much individuals are assertive, conflict and aggressive in relationships with others. This reflects the degree which describes how individuals in society are stubborn, tough, dominant and aggressive in social relationships (den Hartog, 2004, p. 403).

Below in Figure 1 give 22 in scientific sources 47 mentioned intercultural dimensions. Unfortunately, not all in the literature mentioned dimensions are empirically tested, for example in sufficient detail as Hofstede's cultural dimensions.

In the preparation of the international business negotiation strategies it is important to understand the influence of different cultures and the impact on the negotiation communication. In strategy it is necessary to provide for a variety of possible cross-cultural misunderstandings / incompatibility avoidance techniques. Therefore, it is important to know and understand both the own and of the other party the most important elements of cultural differences. The next section will examine impact of culture on negotiations.

3. **Cultural Impact On Negotiations**

Various misunderstandings in negotiations may occur among the same culture of the negotiating parties also, in the case of negotiation between different cultures it is necessary to know the basic elements of the incompatibility of the negotiating parties. In the international business communication can take place misperceptions of symbols of different cultures. As the negotiation process without communication is impossible, therefore, impact of culture on the international business negotiations is significant.

Culture is an important variable influencing the international negotiations and performance. Values and norms which are included in culture, can affect the negotiation either stronger or weaker (Christopher et al. 2005). Some authors (Liu et al. 2012) argues that culture, accountability and group membership can determine not only approach to relationships in the negotiations and after (negotiated rates), but also likely to influence and the outcome of negotiations. For example, a fixed "pie" perception and overall benefit. Culture of accountability and ownership of the group may affect the negotiation process and potential outcomes, and approach-oriented relationship continues to mediate between culture, accountability, and the group outcome (Liu et al. 2012). Intercultural negotiation is a complex process of interaction between two or more companies, organizations, or their compounds, originating from a variety of nations and seeks definition of their mutual dependence (Rao and Schmidt, 1998). These authors point out that negotiators tactics are influenced by several key factors: the negotiators trust, possession of alternatives, conflict background, time available, social sustainability, ethics, etiquette, political affiliation, and cultural distance. Luo and Shenkarb (2002) writes that the national negotiating team expresses negotiating behavior and style, resulting in geography, history, religion, and policy forms.

Negotiating partners, conflicts often arise because of the differences in perception, preferences, behavioral styles and objectives of the transaction to fail is to risk for each country of opportunistic behavior and private initiatives (Buckley and Casson 1988). Differences in culture, legal pluralism, monetary factors, ideological diversity and greater uncertainty distinguished international business negotiations from one cultural negotiations (Luo and Shenkarb 2002). Culture and expectations between cultures affects all business transactions, culture is a factor covering business ethics (Pitta et al. 1999). It is noted (Pitta et al. 1999), the corporate culture is based on the time-tested and traditional practices prevailing business practices and way of thinking for a long period, which lasted for hundreds or even thousands of years, during which, and has formed a business culture in the country. Christopher and cousin (2005) found that cultural values creates a negotiating rate differentials, so it is useful to find and to understand the relationship between the other country's culture and negotiation strategies. Negotiator behavior is perceived depends on the other negotiator's focus on the other side of behavior, ability to learn, to understand and to conduct the evaluation. Therefore, if only one of the circuit elements an error occurs, you can expect failure or misunderstanding.

In some cultures, bargaining is acceptable and even required. In other cultures, bargaining might be considered impolite or even insulting (Larson and Seyman 2010, Khalil 2011).
Authors Larson and Seyman (2010) write: "Different cultures and different religions can lead to dramatically different reactions for the same behavior, such as: In the Jewish religion, the basic principle of truth significance is dependent on the other side - the listener. If words cause misunderstanding and are confusing the other side, then it is not allowed according to Jewish religious doctrine and tradition. But if these words not disappoint the other side even if these words are lying, they are allowed."

When negotiating at international level, it is important to collect and organize information not only on the other side of the negotiations, but also on the context of the negotiations. It may be, effect legal changes, political processes, and many others important factors in a particular bargaining situation of other entities that have an influence. In the next section will be examined the context of intercultural of negotiations.

4. Negotiation Context

In negotiation strategy negotiating context is an important component, so without bargaining context, it would be difficult to know what the bargaining power in negotiations you should use, what tactics should be chosen. Cross-cultural context of negotiating may be conditioned by legal environment, organizational values, cultural values. These variables must be taken into consideration; otherwise it would be difficult to understand objectives, strategies, tactics and relationships of other side of the negotiation. Cultural context conveys the picture of a whole culture that enables to understand structure of ethical decisions. In the context of culture main attention is given on: not for cultural differences, not to see whether any negotiating tactic is ethical or not - but for how negotiators see the situation and what variables they will take into account during the decisions-making process (Rivers et al. 2003). These authors notice that morality and philosophy of culture operates the organization’s values, the legal environment, and the perception of the other side. Authors point out that the objectives of the organization, the legal environment, culture; morality and philosophy have influence for the choice and implementation of negotiating strategies. It is also emphasized that morality and philosophy of culture have an impact on ethics of monetary relations.

Authors (Lewicki et al 2001) observes that environmental context consists of the political and legal pluralism, external stakeholders, cultural, and ideological differences, instability, and the various changes in foreign government control and bureaucracy, currency fluctuations and exchange conditions. All these factors have an impact for direct (immediate) context also. Direct context includes:

- The relative bargaining power of the negotiators,
- The essential needs of the negotiating parties,
- The level of negotiating conflicts,
- Negotiating relationships (before and after negotiations),
- The desired outcome of the negotiations,
- Direct stakeholders.

The negotiation process and the final results are influenced both by environmental context and direct (immediate) context.

The negotiators from different cultures (countries) are using different negotiation strategies and communication patterns within the country and between countries (Lewicki et al. 2001), those authors report two types of contexts that affect the negotiations: the environmental context in which the negotiator has no impact over or supervise; the immediate context in which the negotiator is affecting context, and may have little control over.

In the negotiations between business entities is relevant pre-negotiation phase. In this phase, it is necessary to determine the context of the negotiations. In international / intercultural negotiations to do so is even more difficult. Context of the negotiations often consists of previous experience with the other negotiating party, its competitors, partners, suppliers, and other stakeholders. The business relationships appear between businesses of different countries in the globalization process. But it is not easy without negotiating experience to see the context of negotiations in international negotiations.

In this case information about the other negotiating party must be collected and analyzed. It can be done by asking subjects related to the other negotiating party, gathering information on Web search sites, analyzing company performance and experience. There is also required to explore the expertise, experience and so on about the negotiators of the other party.
In preparation for international negotiations must be taken into account the fact that the negotiator may not be necessarily representative of the same country and culture. Negotiating parties can hire a representative / expert from another side of negotiating, to help during the negotiations. Therefore, before the negotiations this must be taken into account. Also it can be beneficial to hire expert from another country for the possibility to learn more about the context of the negotiations prevailing in the market of that country / region.

As regards the experience in the market is difficult enough to know for new businesses about their own and other business context. This can take a lot of time, so in this situation without the expert assistance it would be difficult to achieve effective results in the negotiations.

5. Conclusions

1. The scientific literature does not sufficiently investigated the effects of the process of cross-cultural negotiating to the final results of negotiations. Intercultural negotiation plays a significant role in the cultural dimension. They may have a negative influence on negotiating communication understanding differently various cultural values, symbols, patterns and so on. It is necessary to foresee these elements in the preparation of negotiating strategies in the negotiations at transnational level.

2. There are necessary to provide for potential cross-cultural incompatibilities in the intercultural negotiations, previously getting acquainted with different cultures and to foresee measures to prevent or solve them. In order to prepare for negotiations it is necessary also to develop an effective negotiating team whose analytical work and capacities contribute to the achievement the highest outcome of the negotiations. This is particularly important in the context of preparing for intercultural negotiations, which require an understanding of another culture, another language, possession of legal knowledge, knowledge of the negotiation context and so on.

3. In forming the strategy of negotiations it is needed to get acquainted with the negotiating context. When planning the international business talks, preparation is usually more complex than between the subjects of the same country or regional negotiations. The analysis of the global scientific literature revealed a lack of research on the impact of cross-cultural context of the negotiations to the negotiation process and outcome.

4. Further investigations must be done by exploring the international negotiations, team building and preparation for the negotiation issues and their impact on the negotiation process and the end result. There is also a need to investigate the formation process of the negotiation team in an international context of the negotiations.

References


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