The influence of different cultures on international business negotiations & Strategies

Yixuan Chen *

Albany Academies, Albany, New York,USA

* Corresponding Author Email: 24cheny@albanyacademies.org

Abstract. International business negotiation is an indispensable part of cross-border and foreign trade. Strategy, psychology, and social context are three important factors in international business negotiation. The strategy includes the preparatory work before the negotiation; the psychological element includes how to understand the mental activities of the other party; the social context also includes the negotiator's country and cultural background. This paper focuses on the analysis of these three elements. It covers the different negotiating priorities and habits of Eastern and Western people or negotiating teams due to cultural differences and includes strategies and countermeasures when facing economic situations. Two strategies are also provided: distributive strategy and comprehensive strategy. Those two refer to people who use both of them in the negotiation, but with different intentions and behaviors. Brett's Model provides a good connection between cultural differences and negotiation priorities for a more in-depth analysis of negotiations throughout the text. From the perspective of limitations, international business negotiations will always be affected by inherent factors, such as cultural differences, different ways of thinking, etc. From a future perspective, this area deserves further research to break the existing inherent problems.

Keywords: negotiation; culture; difference; strategy; international.

1. Introduction:

With the increase in international trade, there is a growing demand for international business negotiations. Negotiation between individuals and groups is a competitive and rival means of mediating interests so that both parties can reach a common goal. During this process, both sides will maximize their interests in the negotiation on an equal basis. The initial purpose of negotiation is to resolve disagreements, which is not only used in business situations but has permeated into everyday life. International business negotiation is undoubtedly one of the most challenging [1]. Many factors are increasing the difficulty of negotiation. For such negotiation, cultural differences from different countries may lead to different negotiation habits and even inconsistencies in logical patterns of thinking. Faced with various problems caused by differences, negotiators will flexibly use different methods to deal with and solve them to achieve their eventual negotiation goals.

Strategy, alternatives, and results can be regarded as the three key elements of negotiation. Almost all negotiation problems are caused by inadequate preparation for these three elements. Negotiators always tend to overlook the following details: 1. Ignore details ─ cross-check before formal negotiations 2. Verbalize unclearly─ practice repeatedly to stabilize the mentality before formal negotiation. 3. Never figure out the other side's motivation and psychology ─ try to anticipate the next action and plan of the other side. When people did not consider or ignore those details, their negotiation will not be strong enough and persuadable. In order to create a negotiating advantage for yourself, you need to have strong evidence and benefits to convince the other side. All relevant evidence needs to revolve around these three elements, therefore, these three elements for the negotiation of the core support. Proficiency in these three elements adds much leverage to achieving a successful negotiation.

The cultural differences between the East and the West will be evident significantly in the negotiation. The relationship between cultural values or norms and common gains is uncertain in Eastern and Western cultures. However, only the information relevant to the negotiation will be shared and unified in the negotiation; the problems caused by cultural factors will always exist and

will not be solved or unified by negotiation [1]. However, the strategy or preparation before a negotiation is influenced by cultural factors, which can have a positive or negative impact on the negotiation. The Eastern culture, represented by China, is dominated by Confucianism and places great emphasis on teamwork. Individuals should be dedicated to the group. Nevertheless, in Western culture, individual interests, individual dignity and everything related to individuals should be put first and foremost. Therefore, compared with the East, Westerners are better at using the most direct and persuasive means of negotiation, which are much less restrictive. The way of negotiating sometimes does not conform to the Eastern logic of negotiation. Negotiation will be disharmonious due to cultural conflicts and collisions, which to some extent greatly increases the difficulty of negotiation.

From different perspectives on how to achieve a successful negotiation, the two factors are psychological factors and social environment factors. Psychological factors include spying and anticipating the opposite side of the negotiation, which can determine the next negotiating step in advance. Social and environmental factors refer to most of the pre-negotiation preparations, such as knowledge of relevant legal regulations and social customs, which can plan the entire negotiation. When they are well prepared for both, the chances of successful negotiations are greatly increased. A precise analysis of strategies and factors of negotiations can make it easier for people to succeed in the negotiation process.

2. Culture Strategies

Culture can be divided into two major areas according to regional differences. This paper will take China, the United States, Britain, and Brazil as representatives of different cultures.

2.1. China

1. Chinese people are very concerned about the interpersonal resources between the negotiating parties, so good social skills and social relationships are very important in Chinese negotiation relationships. For China, human resources are no different from currency [2]. When a person has rich human resources and good interpersonal relations, he has the majority of chances to succeed. Throughout the negotiations, "relationship" has undoubtedly become the most important word. People who know each other introduce their connections and use each other to achieve common interests. After socializing, people exchange gifts or drinks to strengthen or cement the relationship. This strategy is essential for people to work together in the future and achieve win-win results.

2. The effective prioritization of negotiation is another effective strategy, but it completely depends on the way of mindset and habits of leaders. China is not a country with free markets and trade. The main economy is always controlled by a central group. In the complex hierarchical system of central enterprises, the decision-making system will also become very complicated because of the complex personnel positions. In other words, those in higher positions have the highest decision-making power. For others, obedience is undoubtedly their best and only choice. All the tasks are effectively distributed directly to the different levels of employees by the supervisor. Faced with some urgent projects, the supervisor may even ask all the employees to abandon ongoing work in progress and focus on the most urgent tasks. This step usually takes place before the negotiation, so the leader needs to have the good judgment to stabilize the negotiation.

3. In Chinese culture, negotiators cannot afford to make mistakes in timing. Timing represents not only punctuality but also basic etiquette and respect for the negotiating side [3]. Once late, the negotiation side will question the cooperation because of this behavior, which is very unfavorable for the following negotiations. In addition, in business negotiations, time means the control of opportunities, so it will directly affect the transaction behavior and results. With the expansion of trade needs and markets, negotiations appear more frequently in cross-border trade. Because of this factor, the Chinese people's sense of time is still increasing. This style of negotiation means that people need to wake themselves up and not let the whole negotiation fail due to a lack of time sense.

4. The rules of Chinese socializing or negotiation are always based on politeness, because the Chinese have been influenced and nurtured by Confucianism for thousands of years. Negotiators need to put on some degree of a mask at all times, no matter what their state of mind is, they need to maintain the appearance of peace. In addition, when they answer some questions, they usually use ambiguous words. In the other words, they usually do not speak clearly. By the way, they always like to use touches of sarcasm and metaphors in negotiation scenarios, which are literary devices. At this point, negotiators need to have strong discourse interpretation ability, otherwise, it is difficult to figure out the other side's psychological dynamics. Then the dignity of the merchant needs to be maintained and protected at all times if someone destroys it. They sometimes have to defend and maintain their dignity even if they lose business, so this needs to be approached with great caution and care when dealing with the Chinese negotiating.

2.2. United States

1. The interests of the individual should always come first. Attaching importance to individual interests does not mean that the interests of the group will be ignored. On the contrary, because the interests of the individual and the interests of the group are closely tied together, the interests of the group will be more valued. Individualism also involves two extremely important components: creativity and equality. Because of the emphasis on individual spiritual freedom, free creation and play will not be restricted, and there is more space for creativity. From the perspective of equality, the boss also has the final decision-making power although there are still differences between superiors and subordinates in American companies. However, every employee can make his or her own reasonable and helpful suggestions and ideas, and they do not need to worry that they are not senior enough to have a proper opinion.

2. Courtesy is not an inherent rule in American socializing, but an optional factor. For Americans, negotiators just need to respect each other, and beyond that, the communication method should be used effectively. Efficiency is the most important factor they value [3,4]. Rituals, traditions, and even so-called social rules are not worth mentioning for Americans. Focusing on the outcome and streamlining the process is the best negotiation for them. Most Americans are the exact opposite of Easterners, who are usually reticent, while Americans are more enthusiastic and always show their confidence. On the contrary, there is no sense of constraint when negotiating with Americans, because they only care about the result and the process is not the most important step.

3. Americans have a very strong sense of the law, and they have strict control over the terms of contracts. For them, the most direct approach is the most efficient when discussing the details of the contract. In the face of the law, benefits must come second. Americans believe that if there is a disagreement or disagreement over contract terms, the negotiator should bring it up directly. Rather, they should always use circuitous or ambiguous communication all the time, which simply does not work for them. Once both parties breach the contract for any reason, the breaching party must pay the corresponding liquidated damages. Strict implementation of the contract is a necessary professional spirit and quality of cooperation, right and wrong, cannot be because of good personal relationship favoritism cover-up.

4. The concept of time for Americans is more of a resource that cannot be wasted or is not valued. As a developed country, the pace of life has always been very fast, especially at work. Every day in the United States needs to be very planned, so the same is true in negotiations [5]. Making it clear at the beginning of a negotiation is a constant choice for Americans, rather than guessing at each other during negotiations, which can end up wasting time. They are more likely to ignore the process and confess. According to the above, it is obvious that Americans value time. Therefore, being late is a no-no when negotiating with them. Because their schedule is always in order, once they are late, or delayed negotiations, it may cause their schedule to be affected for the whole day.

2.3. Britain

1. Maintaining aloof and rational relationships is a characteristic of the British. As a country ripe for the industrial revolution and mature foreign trade in the 17th century, the British tend to remain conservative. Openness and enthusiasm are hard to see in them. When we meet for the first time, their eyes are often full of analysis and testing of the rationality of the negotiating side. Only in the end, when they know the people, they are interacting with well, do they divide people into their circle of friends. Their interpersonal development is a relatively long process, from the temptation to trust friends. During the negotiation process, it is difficult to gain their trust, no matter how people know and want to start cooperation. If they don't think they know each other's company thoroughly, they will never start working together. Therefore, gaining trust is often the most crucial step in negotiating with the British.

2. The British are very concerned about the identity of the negotiating party. They believe that identity can sometimes represent the strength of most negotiators. As a capitalist and constitutional monarchy for centuries, they seek equality and freedom no matter how many times they repeat and proclaim it. In fact, in English theory, British citizens are still divided into commoners and aristocrats. This class rigidity has been with Britain for centuries and changing it is almost impossible for British society today. In their eyes, status is a more persuasive negotiating condition than competence or seniority. When the negotiating party comes from the aristocracy, they even automatically classify the person as knowledgeable, competent, and well-mannered [6]. They instantly develop a higher level of trust in this person. When the negotiating side comes from a civilian background, they also classify the person as a normal person. This stereotype leads British people to miss a lot of opportunities because they cannot judge everyone from a very objective perspective.

3. The concept of time doesn't seem to exist for the British. British people tend to be spontaneous. They are not subject to many so-called social rules or even some rules. They don't panic that they're going to be late, a phenomenon that seems to have been going on since the 17th century [7, 8]. Although British industry has grown rapidly since the Industrial Revolution, delivery times are often late. This should have been a habit for them for a long time, and it should be the same for negotiations. Their daily routine is poorly planned and everything they do is changed according to the ideas that pop into their heads. When negotiators agree on a time, they are still likely to be late. Because they can always put off negotiations because they don't have the right schedule for other things. When negotiating with them, it is best to strictly implement time control, otherwise, it will reduce their judgment of the integrity of the negotiating side. Even though they are often not time-critical themselves, negotiators still need to always keep their commitments during negotiations.

2.4. Brazil

1. Brazilians are usually warm and cheerful, but they are also bargaining killers. When it comes to deciding where to negotiate with them, people must book the best hotel or club where they can feel valued [9, 10]. In the process of negotiation, these people, as partners with the Brazilians, will feel the warmth from the Brazilians, because they can hardly get a word in edgeways throughout the process. Brazilians talk from beginning to end, chattering on as if it were their special event. In this process, waiting is the best way to listen carefully and grasp useful information for the negotiation, because they usually choose a very straightforward opening at the beginning. Squiggly or ambiguous statements do not follow Brazilian logic at all. Going back to the haggler's point, Brazilians are completely unafraid of how high a bidder's offer is when negotiations begin because they are willing to spend hours negotiating until the price reaches their level. Therefore, asking the Brazilians what they are happy with first and then negotiating can save a lot of time.

2. Brazilians are as slow as the British in terms of time perception, and their attitude towards work is very relaxed. It is normal and understandable for them to be a few hours late. Negotiation with them may sound like a negotiation, but in reality, before the negotiation begins, they may talk about all kinds of interesting things in their lives [11]. In addition, one of the unspoken rules of their negotiations is that if the host does not bring up the work, then as an employee, you are not allowed

to bring up the work voluntarily. From this perspective, Brazilians do not have a lot of focus and energy on work. When talking to them, try to relax as much as possible. Making jokes or talking about family is a good starting point for negotiation. But it's best not to joke about the local race because it can involve some sensitive issues. Also, if you don't know enough about the local culture, what people say is completely different from what Brazilians understand.

3. Conclusion

Negotiation is a limiting business. The so-called limitations refer to the negotiation must rely on two inherent conditions to be realized and successful. The whole process of negotiation can be divided into three inherent and limited stages. the first, the intermediate, and the second phase. Before starting, negotiators must know their positions, interests, and strategies. In the process, negotiators need to accurately set priorities to conduct orderly and logical negotiations. After the negotiation, the result is received, and the negotiator needs to accept it calmly. If the target benefit is not reached, they need to review the whole process and make improvements in the future. In addition to the necessary professional preparation stage, cultural and psychological factors are the two major components of negotiations. Due to the differences caused by different cultures, the negotiating parties from different cultural backgrounds can differ significantly in the decision of priorities and the use of negotiation strategies. The concept of the Chinese people is based on the collective. Each person not only has the obligation to himself but also shoulders the mission and responsibility of the team. The American idea, however, is that each person is an individual and does not need to be dependent on each other. Each person should be responsible only to himself/herself and put his/her interests first. Negotiators will adjust their psychological strategies according to cultural differences, whether it is for cognition, prejudice, and status, etc. International business negotiations are usually used in cross-border trade, so the above two factors/problems are bound to arise. For negotiation, Brett's Model has been modeled and can be applied. Interests and priorities will constantly affect the potential value of negotiators' earnings. Therefore, as culture is the dominant factor in determining priorities, it has been well-proven to be closely related to negotiation. Then, the negotiation strategy is subdivided into two strategies. The first is the distributive strategy, which refers to the behavior of negotiators who focus on obtaining as many benefits as possible for themselves in the whole process. The second is a comprehensive strategy, the behavior of negotiators when they focus on creating and asserting value. During a negotiation, it is a key skill to be able to assign tasks and make the most of both strategies during the negotiation process.

The following three strategies can be flexibly used in negotiations:

1. To be familiar with the cultural background/differences of firms from different countries and negotiating styles.
2. To develop a detailed plan. The entire negotiation can be divided into several stages.
3. To negotiate calmly and rationally, fully interpreting the other side's words and deep meaning.

To sum up, first, from the psychological level, accurately capturing the emotional changes of the other side can create favorable conditions for negotiation and seize the opportunity. Secondly, from the perspective of culture, it is also very beneficial to the negotiation to be familiar with the cultural background of the other side and have a high understanding of this culture. No matter now or in the future, international business negotiations will most likely exist in transnational trade, and further studies can be conducted on how to gradually break cultural differences in the future.

References

[1] Jeanne M. Brett (2000) Culture and Negotiation, International Journal of Psychology, 35:2, 97-104。

[2] Ghauri, P.N. (1986), "GUIDELINES FOR INTERNATIONAL BUSINESS NEGOTIATIONS", International Marketing Review, Vol. 3 No. 3, pp. 72-82.

[3] Jeanne Brett, Leigh Thompson, Negotiation, Organizational Behavior and Human Decision Processes, Volume 136, 2016, Pages 68-79, ISSN 0749-5978。

[4] "Creating Data on International Negotiation Strategies, Alternatives and Outcomes". International Negotiation 7.1 (2002): 39-52.

[5] Culture and Negotiation Strategy

[6] Wendi Adair, Jeanne Brett, Alain Lempereur, Tetsushi Okumura, Peter Shikhirev, Catherine Tinsley,Anne Lytle, NEGOTIATION JOURNAL, WILEY PRESS, Volume20, Issue1, January 2004, Pages 87-111

[7] Ghauri, P.N. (1986), "GUIDELINES FOR INTERNATIONAL BUSINESS NEGOTIATIONS", International Marketing Review, Vol. 3 No. 3, pp. 72-82.

[8] Adair, W., Brett, J., Lempereur, A., Okumura, T., Shikhirev, P., Tinsley, C., & Lytle, A. (2004). Culture and negotiation strategy. Negotiation journal, 20[1], 87-111.

[9] Putnam, Linda L., and Michael E. Roloff, eds. Communication and negotiation. Vol. 20. Sage, 1992.

[10] Sebenius, James K. "Negotiation analysis: A characterization and review." Management science 38.1 (1992): 18-38.

[11] Gelfand, Michele J., and Jeanne M. Brett. The handbook of negotiation and culture. Stanford University Press, 2004.