

AIR WAR COLLEGE

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CROSS-CULTURAL NEGOTIATIONS

by

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Introduction

In its basic form, negotiation is a method of conflict resolution (5:7). It is a problem-solving process in which two or more parties attempt to resolve their disagreement or conflict in a manner, and through a process, that is mutually agreeable (8:xiii). Whereas the general concept of negotiation is easy enough to understand, in practice it can be an extremely difficult proposition. Opposing views about what is right and wrong, disagreement on what is fair and equitable, understanding each other's message and form of communication, and even the procedures that will be used to conduct negotiations are but a few of the hurdles that negotiators will encounter.

Negotiation is further complicated when the parties find themselves negotiating across dissimilar cultures. "Culture is a powerful factor in shaping how people think, communicate and behave. It therefore affects how they negotiate" (17:199). This paper investigates the impact of culture on negotiations. It begins by defining culture, to include a discussion on how culture is imbedded in an individual through their mental models and values. It then breaks out the four dimensions of culture identified by Geert Hofstede.

A general overview of negotiations follows the chapter on culture. It includes a definition of negotiations and discusses the range or continuum of negotiation styles. The section on negotiations closes with an overview of negotiation skills to include the actors and their frames of reference.

The final chapter provides a description of how culture impacts negotiations. First, it overlaps four elements of negotiations; actors, structure, strategy, and process with Hofstede's dimensions of negotiation. Then, a summarization of cultural affects on specific negotiation

styles is provided. Finally, the last section of the chapter discusses considerations for, and development of, cross-cultural negotiation strategy.

Culture

Overview

The purpose of this paper is to discuss the effects of culture on negotiations, as such, it is necessary to describe what is meant by culture. This chapter provides an understanding of culture by discussing a definitional basis, introducing the aspect of values and outlining the dimensions of culture.

Defining Culture

Working Definitions

Guy Olivier Faure attributes the 20th century French writer and politician Herriot, with this definition of culture: it is “what remains when one has forgotten everything” (5:2). Faure’s reason for quoting Herriot is to point out that culture is more a way of an individual’s actions of which they are usually unaware (5:2). Culture is a product that reveals itself in social behaviors like beliefs, ideas, language, customs and rules (5:2). Faure attempts to capture the specific concept of culture by defining it as “a set of shared and enduring meanings, values, and beliefs that characterize national, ethnic, or other groups and orient their behavior” (6:393).

Cohen further expands on the understanding of culture by addressing three key aspects: it is a societal and not an individualistic quality; it is acquired not genetic, and that its attributes cover the entire array of social life (1:11).

From the first aspect, it is the society to which the individual associates that will dictate the norms; not the individual. Cohen uses the example of the “blood feud” within a clan-based

society. He postulates that regardless of the individual's personal feelings toward retribution, even in the extreme form, he or she is bound to the actions of the clan (1:11) so long as the individual decides to remain part of the clan. The second feature attributes culture to the methods that develop the cultural norms within the individual members. These methods are both formal and informal. The formal methods include education, role models, propaganda and the culture's system for rewards and punishments (1:11). The informal methods are comprised of how members assimilate influences framed by their environment; for example, family life and social encounters at both work and play. Cohen's third feature conveys that culture is not just about the artifacts that members surround themselves with, but that there are intellectual and organizational dimensions as well. The artifacts are the most visible aspects of a group's culture. But a culture's identity is also rooted in "intangibles" that include etiquette conventions, the manner in which interpersonal relationships are conducted, and how a member's life and actions should be conducted (1:13).

Mental Programs

In his book, *Cultures and Organizations: Software of the Mind*, Geert Hofstede postulates that:

Every person carries within himself or herself patterns of thinking, feeling and potential acting which were learned throughout their lifetime. Much of it has been acquired in early childhood, because at that time a person is most susceptible to learning and assimilating. As soon as certain patterns of thinking, feeling and acting have established themselves within a person's mind, (s)he must unlearn these before being able to learn something different, and unlearning is more difficult than learning for the first time (10:4).

Hofstede terms these patterns as "mental programming" (10:4) and quantifies that culture, unlike human nature and personality, is singularly a learned trait (see Figure 1).

As figure 1 depicts, human nature contains those characteristics that all humans have in common. It is an inherited “mental software” (10:5). For example, human nature contains those universally shared traits of fear, anger, the need to interact with others...the “basic psychological functions” (10:5). The crossover into culture is related to what an individual does with these feelings.

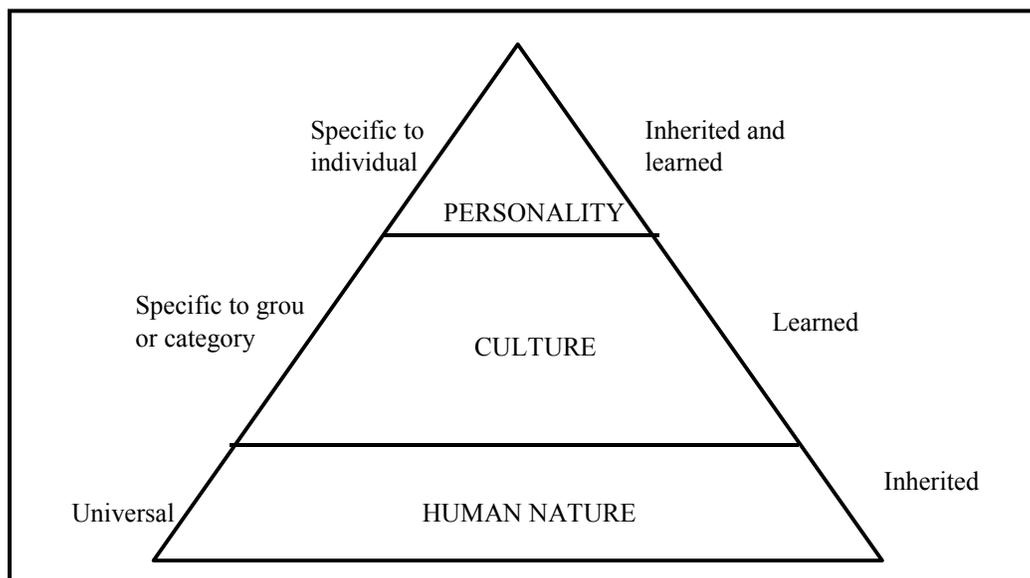


Figure 1. Three Levels of Uniqueness in Human Mental Programming

Personality contains an individual’s unique mental programs. Some of the programs are genetically inherited while others are learned. Hofstede defines learning in this area as “modified by the influence of collective programming (culture) *as well as* unique personal experiences” (10:6).

Hofstede defines culture as “the collective programming of the mind which distinguishes the members of one group or category of people from another” (10:5). One element, that on the face of his definition may appear to be missing, at least in relation to the previous definitions given, is the aspect of values as it relates to culture. Figure 2 depicts Hofstede’s “onion diagram” with values at its core (10:9). Like peeling back the layers of an onion until the core is reached, the

diagram reveals four elements of culture. The first three layers, symbols, heroes, and rituals represent those layers of culture that are visible to outsiders. These are the “practices” of a given culture but their *cultural meaning* (emphasis added) may not be obvious to those who are not a part of that culture (10:8).

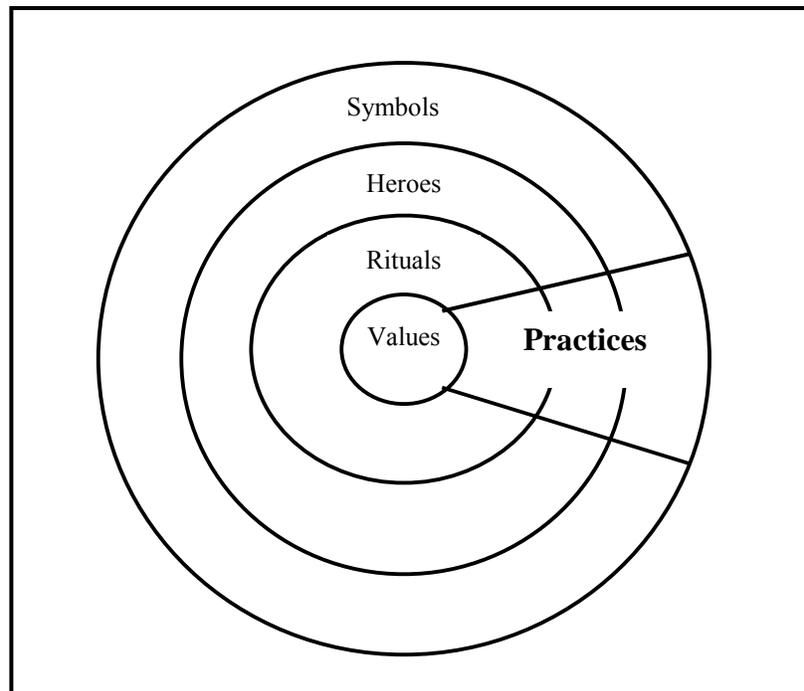


Figure 2. The “Onion Diagram”

Symbols are placed at the outer layer because they are most visible to outsiders and can be exchanged between cultures. Examples include language (and jargon), dress, gestures, and status symbols (10:7). As the name implies, heroes are persons, real or imagined (Superman for the U.S.), that are held in high regard by a culture (10:8). Rituals represent the third layer. They are considered “socially essential” within a culture and consist of methods of greeting, levels of respect, and various ceremonial observances (10:8). The cultural core, according to Hofstede, is formed by the individual and collective values of the group.

Values

Hofstede describes values as those “broad tendencies to prefer certain states of affairs over others” (10:8). Shalom Schwartz’s research in this area helps to frame the concept of cultural values. The Schwartz Value Inventory (SVI) is the result of his research survey of over 60,000 people worldwide and resulted in ten value types. Table 1 lists the SVI and provides a brief description of each value type (19:NP).

Table 1. Schwartz Value Inventory

Value Type	Description (Value association)
Power	Social status and prestige. The ability to control others is important and power will be actively sought through dominance and control.
Achievement	Setting and achieving goals. When others have reached the same level of achievement, status is reduced thus greater goals are sought.
Hedonism	Seek pleasure above all things.
Stimulation	Closely related to hedonism but pleasure is derived from excitement and thrills.
Self-direction	Independent and outside the control of others. Prefer freedom.
Universalism	Social justice and tolerance for all. Promote peace and tolerance for all.
Benevolence	Very giving; seeks to help others and provide general welfare.
Tradition	Respect for things that have gone before. Customary; change is uncomfortable.
Conformity	Seeks obedience to clear rules and structures
Security	Seeks health and safety to a greater degree than others

Although discussions of values tend to gravitate toward the individual, value domains can also be construed from a collectivist or a combination individual/collectivist as well. Hedonism, power, achievement and self-direction clearly serve individual interest; tradition, conformity and benevolence serve collective interests; security, universalism, and spirituality serve individual and collective interests (7:53).

From the discussion thus far culture orients behavior; is a singularly learned trait and thus differs from, but is influenced by, personality and human behavior; its attributes cover the entire

array of social life; it dictates how interpersonal relationships are conducted and at its core are the values the culture, and by extension its individual members, internalize. This understanding of culture is central to the following discussion on the dimensions of culture.

Dimensions of Culture

As a result of extensive research and study, Hofstede identifies four dimensions to classify the way people in different countries interpret their cultural environment. The four dimensions are: power distance, individualism and collectivism, masculinity, and uncertainty avoidance (10:23-138). For comparison, each country or region (50 countries and 3 regions) was given an index score and then rank ordered based on their score. The following discussions of the four dimensions and their associated tables are a summarization of Hofstede's work.

Power Distance Index (PDI). Power distance is “the extent to which the less powerful members of institutions and organizations within a country *expect and accept* (emphasis added) that power is distributed unequally” (10:28). The power distance dimension is a measure of the relationships between individuals of different status within a culture (7:63). Table 2 illustrates the salient characteristics of the PDI.

Table 2. Low and High Power Distance Cultures

Low PDI	High PDI
General Norms (Values) (10:37)	
Inequalities among people should be minimized	Inequalities among people are both expected and desired
Interdependence between less and more powerful people	Less powerful people should be dependant on the more powerful
Hierarchy means an inequality of roles	Hierarchy reflects existential inequality
Decentralization preferred	Centralization preferred
Students treat teachers as equals	Students treat teachers with respect
Children treat parents as equals	Children treat parents with respect
Implications (9:Slide 55)	
Subordinates expect to be consulted	Subordinates expect to be told
Bosses expect feedback	Bosses expect obedience
Privileges/status symbols frowned upon	Perks/privileges are natural
Individual initiative encouraged	Subordinates always seek permission
Example Cultures (10:26)	
Australia	Malaysia
Israel	Panama
Denmark	Philippines
New Zealand	Mexico
Great Britain	Arab Countries

Individualism Index (IDV). Individualism, as used in this index, is the degree to which people in a country or region learn to interact with each other. The majority of the people of the world live in societies where they are taught from birth that the interest of the group, starting with the extended family, is paramount to the interest of the individual (10:50). These are described as collectivist societies. The reverse is the case for the individualist societies. Hofstede defines this dimension as such:

“Individualism pertains to societies in which ties between individuals are loose: everyone is expected to look after himself...and his or her immediate family. Collectivism as it’s opposite pertains to societies in which people from birth onwards are integrated into strong, cohesive in-groups, which throughout people’s lifetime continue to protect them in exchange for unquestioned loyalty” (10:51).

Table 3 provides sample characteristics of the IDV

Table 3. Low and High Individualism Cultures

Low IDV (Collectivist)	High IDV (Individualist)
General Norms (Values) (10:67)	
People are born into extended families	People grow up to look after him/herself and the immediate family
Identity is based on your social network	Identity based on the individual
High context communications	Low context communication
Diplomas provide entry to higher status groups	Diplomas increase economic worth/self-respect
Employer-employee relationship perceived in moral terms; like a family link	Employer-employee relationship is a contract based on mutual advantage
Management of groups	Management of people
Implications (9:Slide 63)	
Maintain harmony; avoid conflict	Speaking your mind is admirable
Social network is primary source of info	Media is primary source of info
Relationship prevails over task	Task prevails over relationship
Example Cultures (10:53)	
Guatemala	USA
Panama	Australia
Indonesia	Great Britain
Pakistan	Canada
Taiwan	Italy
South Korea	Belgium
West Africa	Denmark

Masculinity Index (MAS): The masculinity-femininity dimension identifies cultural variability based on what are considered appropriate gender roles for that culture.

...*masculinity* pertains to societies in which social gender roles are clearly distinct (i.e., men are supposed to be assertive, tough, and focused on material success whereas women are supposed to be more modest, tender and concerned with the quality of life); *Femininity* pertains to societies in which social gender roles overlap i.e. both men and women are supposed to be modest, tender, and concerned with the quality of life (10:82).

Table 4 provides sample characteristics of the MAS.

Table 4. Low and High Masculinity Cultures

Low MAS (Feminine)	High MAS (Masculine)
General Norms (Values) (10:96)	
Dominate values in society are caring for others and preservation	Dominate values in society are material success and progress
People and relationships are important	Money and things are important
Failing in school is a minor accident	Failing in school is a disaster
Managers use intuition & strive for consensus	Managers expected to be decisive & assertive
Work to live	Live to work
Implications	
Roles of sexes are undifferentiated (7:67)	Defined masculine/feminine sex roles (7:67)
Example Cultures (10:84)	
Sweden	Japan
Norway	Austria
Netherlands	Venezuela
Denmark	Italy
Costa Rica	Great Britain
Finland	USA

Uncertainty Avoidance Index (UAI). “Extreme uncertainty creates intolerable anxiety. Every human society has developed ways to alleviate this anxiety. These ways belong to the domains of technology, law and religion” (10:110). In the context that Hofstede uses, uncertainty avoidance is not the same as risk avoidance. Ambiguity is the root cause of uncertainty avoidance, with risk-taking a by-product of attempts to mitigate ambiguity. As such, cultures scoring high on the uncertainty avoidance index (low tolerance for ambiguity) look for structure in their organizations, institutions and relationships in order to reduce the ambiguity and thus risk. Table 5 demonstrates the important characteristics in this dimension.

Describing the cultural dimensions will assist in understanding the cultural impact on negotiations discussed in Chapter 3. But first, it is necessary to lay the framework for comparison by providing insights into negotiations.

Table 5. Low and High Uncertainty Avoiding Cultures

Low UAI (High tolerance for Ambiguity)	High UAI (Low tolerance for Ambiguity)
General Norms (Values) (10:125)	
Uncertainty is a normal feature of life	Uncertainty inherent in life is felt as a continuous threat that must be fought
Low stress; subjective feeling of well being	High stress; subjective feeling of anxiety
Aggression and emotions should not be shown	Aggression and emotions at proper times may be expressed
Comfortable in ambiguous situations and with unfamiliar risks	Acceptance of familiar risks; fear of ambiguous situations and of unfamiliar risks
Few and general laws and rules	Many and precise laws and rules
Tolerance, moderation	Conservatism, extremism, law and order
Internationalism, regionalism	Nationalism, xenophobia
Precision and punctuality have to be learned	Precision and punctuality come naturally
Time is a framework for orientation	Time is money
Implications (9:Slide 82)	
Belief in generalist and common sense	Belief in experts and technical solutions
Focus on decision process	Focus on decision content
No more rules than strictly necessary	Emotional need for rules even if they don't work
Desire for opportunity	Desire for security
Results attributed to ability	Results attributed to luck
Example Cultures (10:113)	
Singapore	Greece
Jamaica	Portugal
Denmark	Uruguay
Sweden	Belgium
Great Britain	Japan
USA	France

Negotiations

Overview

This chapter provides a description of negotiations as a method of conflict resolution by first defining negotiations, then briefly discussing the negotiation styles continuum, and finally identifying the fundamental skills of a negotiator.

Negotiations Defined

When two or more parties (individuals, clubs, nations, etc) reach a position where their interests or values come in conflict with one another, there are several ways in which to resolve the conflict. If one party is significantly more dominant (powerful) than another, they could attempt to simply enforce their will on the other. Other times, both parties may choose to enlist the aid of an outside neutral party to “mediate” the issue. Generally, the mediator’s role is that of a facilitator, bringing the parties together and assisting them to work through the particular issue. Another tool for conflict resolution involves the use of an “arbitrator.” There are generally two types of arbitration; binding and non-binding. In both cases the arbitrator hears the positions of both parties and then renders a decision. In binding arbitration, both parties are “bound” to the decision. Under the non-binding case, either party is free to disregard the arbitrator’s decision.

Another approach would be to attempt to settle the issue through a process in which the parties interact in a manner that will eventually bring about an agreement that would resolve the issue in controversy. The third approach falls into the realm of negotiations with definitional characteristics that separate it from the other types of resolution.

Anjan Dasgupta defines negotiations as “the process of communicating back and forth for the purpose of reaching a joint agreement about differing needs or ideas” and that it has more to do with the use of persuasion rather than power to resolve an issue (3:2). Although this is a fairly succinct definition and a good starting point for capturing the basic essence of what a negotiation is, i.e. a communicating process with the intended outcome of reaching a *joint* agreement, it does not necessarily cover a large part of its salient characteristics. Guy Faure adds additional perspective in his definition: “...negotiation is a joint decision-making process through which negotiating parties accommodate their conflicting interests into a mutually acceptable settlement” (5:7). Faure’s definition adds the perspective that it is not just the agreement that is mutually acceptable (joint), but that the characteristics of the negotiation *process* itself is a joint endeavor. The implication being that all parties must be in agreement as to the nature and process of the proceedings for a successful outcome.

P.H. Gulliver refines the definition further:

Negotiations are processes of interaction between disputing parties whereby, without compulsion by a third party adjudicator, they endeavor to come to an interdependent, *joint decision* concerning the terms of agreement on the issues between them. This joint decision is one that, in the end, is agreeable to and accepted by both parties after each has brought influence and persuasion to bear on the other and, most probably, after both have experienced influence from other sources. The outcome is essentially one that, in each party’s opinion in the perceived circumstances, is at least satisfactory enough and is perhaps considered to be the best that is obtainable. It often represents a compromise between the parties’ initial demands and expectations, but there may be...the joint creation of some new terms not originally conceived of by either party (8:79).

Gulliver’s definition captures the essence of the first two definitions provided. In addition, it adds other important aspects. For example, negotiations contain elements of influence, persuasion, compromise, and learning in its process and structure.

Negotiation Continuum

A review of the research on negotiations reveals the style a negotiator utilizes is generally grouped into one of three types: competitive, collaborative and/or concession (20:NP). The competitive style is also referred to as contending, distributive bargaining, or claiming value (14:85). This negotiation style attempts to gain optimum value at the expense of the other party (14:85) and is commonly referred to as the “win-lose” approach (20:NP). The collaborative style, also referred to as problem-solving, integrative bargaining, or creating value (14:85), attempts to reach agreement through creating options that are conducive to achieving or maximizing the goals of both parties thus creating a “win-win” situation. In the concession or yielding style one party reduces their position to the gain of the other party (14:85). This is referred to as the “lose-win” style. In practice, negotiations will take on varying degrees of these styles throughout the process for various reasons. For example, as the definitions provided previously demonstrate, negotiations by their nature reflect different players vying for opposing objectives and interests. In the early stages of negotiations, as each party is attempting to influence the process, gather information previously unknown, and establishing each other’s trust boundaries, a competitive environment may exist until these issues can be resolved. Figure 3 provides a graphical depiction of the negotiation continuum (20:NP).

Negotiations strive to achieve a joint decision or outcome satisfactory to both parties. As such, the most effective form of negotiations as a problem-solving approach falls within the collaboration range of the continuum (14:85).

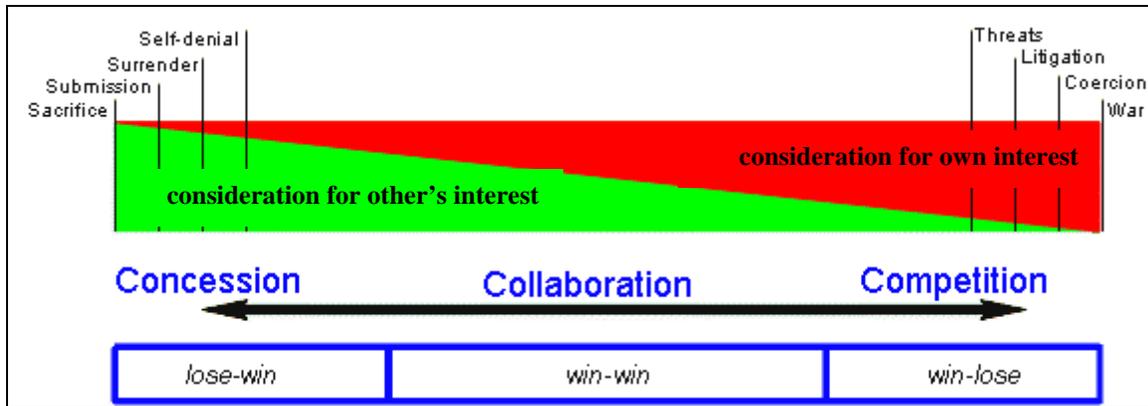


Figure 3. The Continuum of Negotiation Styles

In practice the results of any negotiation, with respect to the continuum, can result in one of three outcomes: an integrative agreement resulting in benefits to the parties greater than the sum of the inputs; a distributive agreement which simply achieves a division of the party's original inputs; or no agreement (3:2). As such, another way of viewing the decision or outcome is by describing the value achieved, either "created value" or "claimed value" (3:2).

Creating value is a cooperative process whereby the parties in the negotiation seek to realize the full potential benefit of the relationship. Claiming value...is essentially a competitive process. The key to any negotiation is creating value i.e. finding interests that the parties have in common or that complement each other, then reconciling and expanding upon those interests to create a win-win (integrative) situation as opposed to a win-lose (distributive) situation (3:2-3).

In order for parties to operate in this integrative manner, they must be willing and able to create an environment conducive to collaboration. Several variables must be present in order to achieve this objective: a shared confidence in their problem-solving abilities; an understanding of each other's position and perspective; a commitment to strive toward a mutually acceptable resolution; trust on both sides; and effective communications (11:1). Specific negotiation elements will in large part determine the ability to negotiate in this area. The elements of negotiations form the basis for describing the cultural impact on negotiations discussed in the next chapter.

Skills of Negotiation

Actors

The key actors in a negotiation are the negotiators themselves. Rubin describes five attributes linked to successful negotiators (16:105). First, effective negotiators have the capacity to be flexible on the method to achieve their goals. They establish their goals early on with an idea as to the general nature of the outcome but remain flexible on the means for achieving these goals. Second, negotiators remain sensitive to “social cues” (interpersonal sensitivity) given off by their counterparts without being over-reactive to these observations. To ignore the cues may be to miss out on important pieces of data. Conversely, to react too strongly risks misinterpreting intentions based on personal bias. The third attribute is the negotiator’s “inventiveness” or ability to develop creative solutions in order to strive for mutually acceptable agreement. Patience is the successful negotiator’s fourth attribute. Rubin attaches this trait to the negotiator’s ability to look beyond immediate gains with a view on the long game. Finally, successful negotiators are tenacious especially in the area of reconfiguring an “adversarial relationship into a more collaborative arrangement” (16:105).

Frames of Reference

The actors in a negotiation bring to the process common interests or “frames of reference” (13:R-29). As the parties are working toward a mutual resolution these interests must be considered in order to minimize conflict in the negotiation. Procedural interests involve needs relating to the negotiation process; timelines, role definitions and procedures. Psychological interests concern needs related to our interactions with others and include elements of trust, values and respect. Substantive interests are the tangible, measurable needs like information, technology and resources.

There are various skills that a negotiator can utilize throughout the phases of a negotiation to assist with recognizing and preparing to address these three frames of reference. Figure 4 provides a graphical overlay of the frames of reference along with appropriate skills covering the negotiation process (2:5-11).

During the preparation phase (Phase 1) the negotiator(s) become familiar with the facts of the problem, identify and prioritize the goals, attempt to clarify what the other party can and cannot accomplish and investigate the behavioral styles of the opposite parties (2:5-8). Zartman refers to this phase as “prenegotiations” and stresses it as a “diagnostic phase where the nature of the conflict is thoroughly examined before remedies can be essayed” (21:83). He includes the importance of gathering facts concerning each party’s position, and identifying any precedents that bear on this situation (21:83).

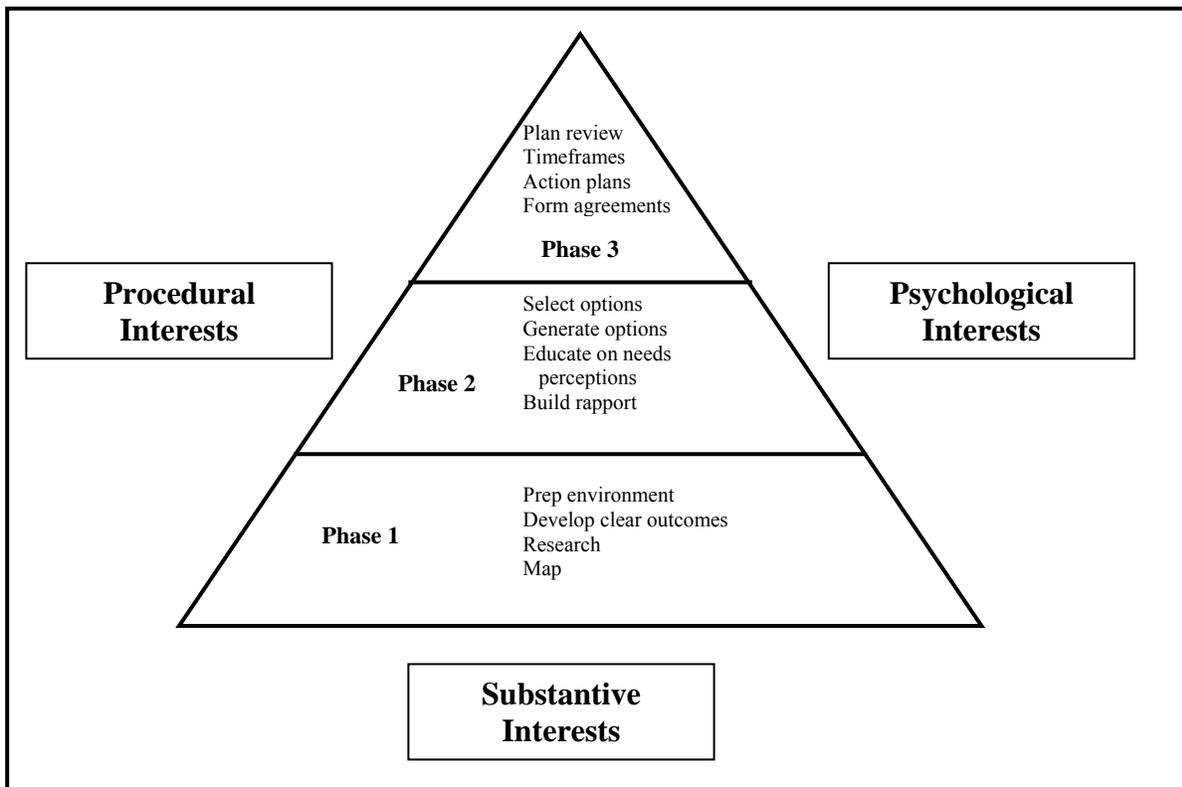


Figure 4. Frames of Reference and Negotiation Skills

The interaction phase (Phase 2) includes activities of trust building, exchanging points of view and perceptions in order to clarify differing perceptions of the issues and identifying areas of agreement and common ground (2:8-10). Zartman describes this as the “formula phase” that contains the framework for both the criteria for detail resolution and eventual agreement (21:143).

The closing phase (Phase 3) is the point where agreement(s) are codified to include an action plan with timelines and an agreed upon review process to continuously monitor and adjust as necessary the terms of the settlement (2:11). In Zartman’s description of the “*detail phase*” (emphasis added), he includes a discussion on the continuation of the search for agreement to specifically hammer out the details. He provides a caution on the risk of working out the details and if care is not taken, it could be possible to undo the “bigger picture” agreements derived during the formula phase. His caution during this phase is that the parties must not lose sight of the overarching priorities and goals that were developed earlier in the negotiation process (21:199-202).

This aspect brings to light a postulate by both sources discussed in this section: there is no hard and fast separation between the phases; negotiators could find it necessary to use these skills throughout the various phases to include movement back and forth between phases as the negotiation environment unfolds.

The Overlap – Cultural and Negotiations

Overview

The chapter will discuss how culture impacts the negotiation process. First, culture's impact on negotiations will be addressed by discussing four basic elements of negotiations: actors, structure, strategy, and process (5:9-11) in relation to the dimensions of culture as described by Hofstede. Then, a summarization of Jeswald Salacuse's research report on ten ways that culture affects negotiating style will be presented. The last section of the chapter discusses considerations for, and development of, cross-cultural negotiation strategy.

Negotiation Elements and Cultural Dimensions

Actors. The actors in a negotiation are members of some form of culture, whether it is national, ethnic, professional or any of a multitude or combination of other types of cultures. As such, their cultural background, which includes the values associated with and shared by that culture, will play a significant role on the negotiation especially how they "perceive issues, other actors, and their intentions" (5:9). A negotiator from one culture may view the process as a power confrontation whereas his counterpart may view it from a cooperative perspective (5:9). Reflecting on Hofstede's Dimensions of Culture, this would demonstrate the differences between a high IDV (individualistic) culture versus a low IDV (collectivist) culture.

The culture itself may determine who the negotiator will be. Some cultures may not allow women to play a role in certain negotiation settings. This could be indicative of a culture that exhibits a high PDI where inequalities among people are both expected and encouraged (10:37).

Structure. The structure of a particular negotiation also holds examples of how culture can influence the negotiation process. The structural dimension includes variables such as the size of the negotiation team, the number and type of issues, power distribution between the parties, the organizational setting, and the degree that outside influences, such as the media or other interested but not directly related parties, bring to bear on the negotiations (5:10). Consider the determination as to the size of the negotiating teams as an example. With their proclivity toward a strong cohesive in-group and consensus orientation, negotiators from a collectivist culture may be preferential to a larger team structure than their individualistic counterparts. This dynamic also demonstrates how cultural aspects could have additional affects. Frank Pfetsch hypothesizes that the more participants in a negotiation the higher the cost (time) of reaching a consensus (15:199). In a high UAI (low tolerance for ambiguity) culture, time is money versus a low UAI culture where time is a framework for orientation.

Strategy. The strategy used by negotiators, particularly along the negotiation continuum previously discussed, is another area of where culture holds an influence on the negotiation process. Strategy is the actor's orientation used to achieve their goals (5:10). As Faure further states "strategic choices are led by interests and values that in turn relate to culture" (6:405). Certain cultures, based on their values, do not shy away from a confrontational approach and aggressive tactics. This could lead the negotiators to adopt a more competitive style of negotiations. Other cultures may adopt a much less confrontational style in order to avoid direct, aggressive conflict (6:405). This culture may adopt a more collaborative orientation toward the negotiations. The first type would be indicative of a high MAS culture where decisive and assertive actions are the general norm and a dominant value is success versus the opposite general norm set from the low MAS cultures.

Faure further identifies strategy as “the result of deliberate calculations that consider the cost-effectiveness of different possible means” (5:10). In developing a strategy, these deliberate calculations must also include calculations concerning levels of risk a party is willing to take in the form of sharing of information, revealing positions, and general considerations pertinent to how to best approach a collaborative negotiation strategy. According to Hofstede, cultures with a high UAI also tend to be “fearful of unfamiliar risks” (10:125).

The approaches used to deal with these uncertainties or risks within the strategy framework may also be affected by differing cultural preferences. Cultures that exhibit a high UAI might prefer a “deductive” approach whereby the parties first agree on principles that are then applied to the issues during the negotiation process (6:405). This way, the rule sets are established upfront, thus removing some of the uncertainties in the process. This approach would provide the framework for dealing with the issues as they occur. Conversely, low UAI cultures might approach a negotiation from an “inductive” style “...dealing pragmatically with encountered difficulties, and underlying principles may become discernible only in the end” (6:405).

Process. The fourth area where culture impacts negotiations is the process itself; that is “the actual interaction between parties” (6:405). These interactions are the methods or tactics that the parties use to communicate; that is, the way they exchange information, seek out methods to create options, or find room for maneuver and concessions (6:405-406).

The manner in which the parties are communicating then, is an important element in the negotiation process. Low context communications is the predominant form of communications in an individualistic culture (high IDV) while high context communications is predominate in collectivist cultures (7:57). A low context message involves communications where “the mass of information is vested in the explicit code”; it tends to be more direct (7:57, 58). In a high context

message, "...the information is either in the physical context or internalized in the person while very little is in the coded, explicit, transmitted part of the message"; it is generally more indirect and ambiguous (7:57,58).

The area of communication style provides another example of the crossover and interrelationship amongst cultural dimensions. The potential for misunderstandings caused by the hidden messages transmitted by a high context negotiator complicates the negotiation process, especially if negotiating with parties from a culture that is ambiguity adverse (the high UAI dimension).

Overlaying Hofstede's four dimensions of culture with the basic elements of negotiations reveal that cultural variation does play a role in negotiations. The next section provides another view of how culture impacts the negotiation process by drawing from Jeswald Salacuse's identification of ten factors in the negotiation process that appear to be culturally driven.

Cultural Affects on Negotiating Style

In a survey of 310 persons from 12 countries and 8 occupations, Salacuse asked participants to rate their negotiating style covering ten negotiation process factors (18:221-240). Table 6 lists the ten negotiation factors.

The countries that were represented in the survey were Spain, France, Brazil, Japan, the U.S, Germany, the U.K., Nigeria, Argentina, China, Mexico and India. The occupational specialties included law, military, engineering, diplomacy/public sector, students, accounting, teaching, and management/marketing.

The purpose of this section is to demonstrate through Salacuse's research, that culture does have an affect on negotiating styles. Although Salacuse's research reveals cultural affects to

varying degrees in all ten of the factors, for demonstration purposes this paper will address four of the factors in particular; negotiation goals, attitudes, agreement form, and risk-taking.

Table 6. The Impact of Culture on Negotiations (18:223)

NEGOTIATION FACTORS	CULTURAL RESPONSES
Goal	Contract or Relationship
Attitudes	Win/Lose or Win/Win
Personal Styles	Informal or Formal
Communications	Direct or Indirect
Time Sensitivity	High or Low
Emotionalism	High or Low
Agreement Form	Specific or General
Agreement Building	Bottom Up or Top Down
Team Organization	One Leader or Consensus
Risk-taking	High or Low

The first area of the survey assessed the respondents negotiating goal with respect to what was more important: the formation of a final contract or pursuing a long-term relationship among the parties. The results revealed that the respondents were evenly split on this issue with 54% of all respondents stating the formation of a contract was the overall goal, but when the data was assembled by specific cultures, there was a significant difference in this area. For example, only 26% of the Spanish respondents, compared to 66% of the Indians, viewed the primary goal as a relationship. Interestingly, when the data was assembled based on occupation, regardless of national culture, the percentage in favor of a contract was higher among the law profession (71%) but a larger percentage of Management/Marketing professional (61%) preferred the relationship goal (18:225 – 226).

As mentioned in the previous chapter, along the negotiation continuum, actors have a choice concerning the style or strategy they will employ during a negotiation. From the perspective of the respondents negotiating attitude, approximately one-third of all respondents from the various

countries viewed it as a win-lose endeavor. However, the survey did reveal wide differences amongst cultures in this area as well. 100% of the Japanese viewed negotiations from a win-win perspective, but only 36.8% of the Spanish held this view. In addition, an analysis by profession revealed that whereas only 14% of the diplomacy/public sector viewed negotiations as a win-lose contest, 60% of the military considered it as such (18:226 – 227).

Various cultures differed on the interpretation of what constitutes a deal. To some, the deal is the contract that will be relied upon when new situations should arise. Other culture groups view the contract as an instrument that outlines general principles versus detailed rules (18:232). According to Salacuse's survey results, among all respondents 78% preferred a specific, detailed contract. Breaking down the responses by individual cultures indicated that a majority of the respondents also preferred specific agreements to general agreements. Salacuse attributes this occurrence to the relatively large number of lawyers contained in the overall population (about one-third) and that multinational corporations favor specific agreements and many of the respondents had experiences with these types of firms (18:232).

Even with this cultural proclivity toward a specific agreement form, there still existed a significant difference between cultures at the opposite ends of the spectrum. For example, 89% of the British preferred a specific agreement versus 64% of the Japanese. In addition, the data by occupation revealed that 100% of the military and 92 % of the student respondents preferred a specific agreement versus 64% for both the diplomacy/public sector and management/marketing professions.

The final area demonstrating culture's affect on negotiation styles is risk-taking; that is the willingness of a party to share information, seek alternatives through new approaches, or tolerate ambiguity (18:236) in an attempt to find a joint resolution. Among all respondents about 70%

professed to high risk-taking. However there were significant variations by culture. The Japanese for example were highly risk averse with only 18% claiming a high level for risk-taking. More significant risk takers were France (90%) India (89%) and the U.K (88%).

This risk-taking cultural diversity was also evident from an occupational perspective as well. Regardless of nationality, 100% of the military and 81% of the accounting/finance professions ranked themselves as high-risk takers versus 36% from the diplomacy/public sector professions.

In addition to demonstrating cultural variations with regard to negotiation styles, Salacuse's research report also demonstrates two significant implications to practitioners. First, that cultural difference appears in different areas. As was revealed by the different responses by profession and occupation in the survey, sub-cultural considerations are also influential in the negotiation process. Second, when faced with cultural issues during negotiation, it would be beneficial to garner support from negotiators with similar professional or occupational backgrounds to help bridge cultural differences (18:238).

Developing a Strategy

The preceding discussions, cultural dimensions overlaid with the negotiation elements and culture's affects on negotiation style, demonstrates that culture does have the propensity to influence negotiations. Although ignoring culture's impact does not necessarily mean an attempt at reaching a collaborative agreement will fail, understanding its affects can greatly facilitate and enhance the process (4:161). The challenge is to understand if cultural differences could be a driving influence in the course of a negotiation (and to what degree) and then developing a strategy that fits into the cultural context of the proceedings as perceived by all parties.

Two key elements previously discussed in this paper need to be briefly reiterated prior to discussing strategy development within the cultural context. First, from the definition of

negotiations it is important to consider that the purpose of negotiations as a method of conflict resolution is for the parties to arrive at an interdependent and joint decision that is agreeable to, and accepted by, all parties involved (8:79). It must be kept in mind that the joint decision very well could be to arrive at no agreement. Second, each actor in a negotiation brings to the process their own frames of reference comprised of procedural, substantive, and psychological interests. Negotiators bring to bear various skills throughout the three phases of a negotiation to assist in addressing these frames of reference (see Figure 4).

An important aspect in developing a cross-cultural negotiation strategy revolves around preparation. First, in addition to analyzing the current issue(s) that brought the parties to the table, it is advisable to study the other negotiator's culture and history (1:225). Next, it is equally necessary that a negotiator be self-aware of his or her own cultural proclivities. This is important in order to gain insight into potential cultural similarities or differences that could come into play during the negotiations. This 360-degree cultural awareness will also facilitate in developing the strategy boundaries that will be discussed below. Finally, establishing a relationship with the other parties involved, preferably before the negotiations begin is "time well spent" (1:225). The intent would be to provide the negotiators with an opportunity to find a common basis on which to build a relationship or what Salacuse describes as a "bridging technique" (17:204).

The negotiator's skills in research, preparing the environment, building rapport, and educating on needs and perspective in the cultural context will impact the various interests associated with the three of the frames of reference as depicted in Figure 4. Gaining an understanding of how a particular culture approaches its procedural interest is excellent information to have. For example, the establishment of goals in the negotiation may be different to a low MAS culture where relationships are important versus a high MAS culture where

material success and progress are valued. Another example would be in the area of role definitions. A cross-cultural negotiator's interactions with his counterpart could be influenced with the understanding that, in general, inequalities among people are expected and desired in a high PDI culture.

Knowledge gained concerning a culture's various substantive interests is also significant to the cross-cultural negotiator. For example, in a high UAI culture, those that generally exhibit a low tolerance for ambiguity, precise information (and the more the better) is an important commodity with which to meet at least one element of their substantive interests.

But the potential for the largest payoff lies in the impact to the psychological interests since it is in this area that a culture's perspective on trust, values and respect rests. As previously mentioned, according to Hofstede the cultural core contains that culture's values or norms. The most difficult cross-cultural negotiation issues center on values (17:200). Building a cultural bridge can be accomplished by demonstrating an interest in and establishing a mutual respect for each other's culture (17:204-205).

With this foundation established, a strategy for conducting cross-cultural negotiations can be developed. Chris Moore and Peter Woodrow have identified five strategies based on the party's *ability and willingness to adapt (AWA)* to each other's culture. Ability in this discussion describes a negotiator's power, capacity and/or competency to adapt to another culture. Willingness relates to a negotiator's inclination to adapt. Figure 5 provides a graphical representation of the five strategies (12:8). These strategies are discussed by considering culture X's AWA in relationship to culture Y's AWA. The strategies include "adhering, avoiding/contending, adapting, and advancing (12:8).

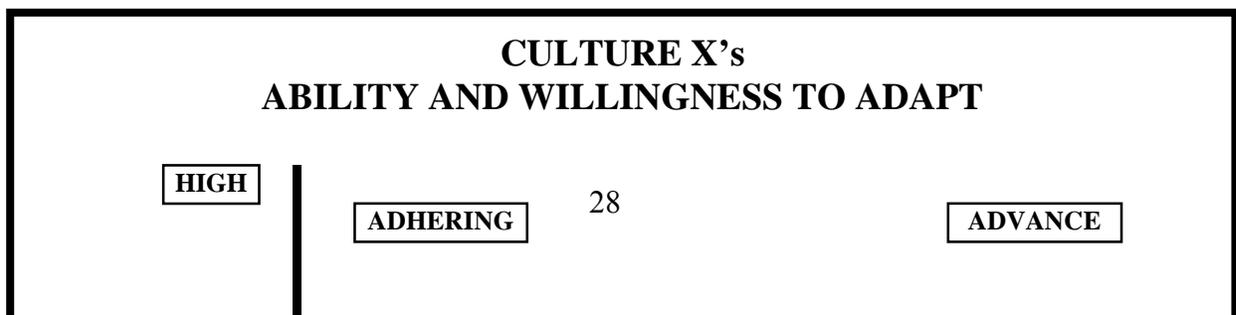


Figure 5. Strategy Based on Ability and Willingness to Adapt (AWA)

If culture X has a low AWA compared to culture Y, two possible strategies exist for culture X; both of which are dependent on culture Y's AWA. First, if culture Y has a high AWA reflecting that they are more flexible to cultural sensitivities, then culture X can adopt the *adhering* strategy which in essence allows culture X to do things their way (12:8). The alternative strategy would apply if culture Y's AWA was also low. In this venue of *avoiding or contending*, ongoing competition, misunderstandings, a protracted negotiation process and possibly the evolution of interaction avoidance (12:8) could possibly mark the pattern of interaction. In this scenario, it is not difficult to realize the challenges posed to achieving an interdependent, mutually agreeable settlement. Of course, as stated before in this paper, deciding *not* to reach a settlement could be agreed upon. This decision will be a function of the importance and perceived value that each party places on reaching an agreement that resolves the issue in controversy.

If both party's AWA rests between the low and high scale, that is they both share a certain degree of understanding concerning the other's culture and, more importantly, both are willing to make concessions one to the other, then a *compromise* strategy could be approached. This situation has the characteristics of a negotiation within a negotiation, as both parties would adhere to their approaches in some ways while adapting to the other party on other issues (12:8).

The final two strategies are approached in the situation where culture X displays a high AWA. First, in the situation where culture Y maintains a low AWA, culture X has the flexibility to *adopt* the cultural norms of culture Y. Conversely, if culture Y also displays a high AWA, then the parties can move to an environment where the mode and methods for negotiation are not based wholly on either culture. "This shares some attributes with the adapting model, but goes beyond a series of compromises to advance shared norms for interaction that are completely comfortable for both parties" (12:9).

The choice of a particular negotiation strategy is obviously more complicated than simply deciding which approach best fits a particular negotiator's individual style; the other party gets a vote in the process as well. In addition, a negotiator may find themselves in a position where their initial strategy needs to be adjusted as the negotiation process continues through the various phases. A generalized understanding of the other party's culture is a valuable starting point. Recognizing when cultural influences, especially as they relate to values and trust, are affecting the negotiation process requires careful attention to the environmental situation. The degree of flexibility that a negotiator can bring to bear on the situation is also an important function in the negotiation process. It is the negotiator's ability and /or willingness to adapt to cultural differences that will determine the enabling characteristics (strategy) that can be utilized to facilitate the process.

When viewing cross-cultural negotiations, it is important to consider that negotiators are not “cultural robots” (17:201) as other factors will come to play in any given negotiation. Reference this paper’s previous discussion on mental programming (Figure 1), a negotiator’s unique personality will bear on the proceedings. In addition, the procedural and substantive interests (Figure 4) will play a role in a negotiator’s approach (17:201). The caution then, is to avoid “cultural stereotypes” when developing a relationship with their counterparts (17:201). Not all actions at the table are the result of cultural differences. Faure’s definition of culture used previously in this paper stated culture is a “set of shared and enduring meanings, values, and beliefs that characterize national, ethnic, or other groups and orient their behavior.” When identifying the salient cultural characteristics that should be considered, Salacuse places the emphasis on the words *shared* and *enduring* to help avoid cultural stereotyping.

Conclusion

Negotiation is an important and valuable tool for resolving conflict when all parties involved have a shared commitment to reaching a collaborative, joint outcome that satisfies both parties needs and interests. Cultural considerations play an important role in the negotiation process as all of the actors bring with them their own specific cultural behaviors; that is their patterns of thinking, feeling, acting and most importantly, their own set of culturally shared values.

This paper explains the nature of culture and the salient characteristics of negotiations. A working definition for culture was provided to lay the groundwork for understanding the concept of culture. In order to further develop this understanding, the role of mental programs and values were discussed. Human nature, culture and personality all make up an individual's mental program, but it is the cultural piece that is a singularly a learned trait formed by *collective* programming. Ingrained in this collective programming contains the culture's values. Understanding these two areas is crucial to conceptualizing cultural variations. Hofstede's dimensions of culture provided a summarization of how cultures differed based on their overall proclivity toward various values or norms. An understanding of cultural theory in this manner is an important element in describing culture's impact on negotiations.

Equally important is an understanding of key aspects of negotiations. Negotiations differ from other forms of conflict resolution in that, when appropriately conducted, the parties strive to reach agreement by accommodating their conflicting interest into a mutually acceptable agreement. In order to achieve this state, all parties must be willing to commit to understanding each other's position, work toward building trust, and effectively communicate with each other.

Although other factors can and will impede on any negotiation, this paper intended to demonstrate that cultural differences are also a variable in the negotiation process. Understanding culture's implications, the cultural baggage that individual actors bring to the negotiation table and that it does play a role in the process, is an important element for any negotiator to prepare for in order to reach for the optimum negotiated solution for all parties. The "bottom line" may well be the important aspect to a negotiated settlement, but defining what that is, the processes that will be utilized, and the manner in which the parties will interact in an attempt to reach an interdependent, joint decision agreeable to and accepted by the parties will be influenced by each negotiator's culture.

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