

## THE ROLE OF CULTURAL DIFFERENCES IN INTERNATIONAL NEGOTIATIONS

*Анотація.* Стаття присвячена порівняльному аналізу досліджень процесів ведення міжнародних переговорів і виявленню ролі культурних відмінностей у цих процесах. Порівняльні дослідження видаються винятково продуктивними, зважаючи на той факт, що здатність ведення ефективних міжнародних переговорів є сьогодні *sine non qua* умовою ініціювання і підтримування добрих стосунків із закордонними діловими партнерами, інституціями та політичними організаціями. Автори визнають культурні чинники за вирішальні в дебатах і медіаціях між країнами і доходять висновку, що з метою уникнення конфліктів, які можуть виникати через культурні відмінності, веденню міжнародних переговорів повинно обов'язково передувати дослідження культурних засад іншої сторони переговорів, насамперед це стосується обов'язкових норм стосовно предмета переговорів. «Глобальні» переговорники повинні пристосовувати свою стратегію ведення переговорів до отриманих знань, якщо вони прагнуть зробити її ефективною, уникати непорозумінь і можливих конфліктів.

**Ключові слова:** міжнародні переговори, міжкультурні переговори, культурні відмінності, глобалізація, процес переговорів

*Annotation.* The aim of the present paper consists in the comparative analysis of studies, concerning the international negotiation processes,

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*concentrating on differences in respect of culture determinants. Such comparative studies seem necessary considering the fact that the capability of leading fruitful international negotiations constitute today a sine qua non condition of initiating and maintaining good relations with foreign business partners and institutions as well as political organisations. The authors consider cultural factors to play a decisive role in international parley. It is concluded that in order to avoid conflicts arising from the cultural variance, the intercultural negotiations should be preceded by research in the other party's cultural background, especially the abiding norms. The "global" negotiators should adjust the negotiating strategies to the acquired knowledge if they want to be effective and eliminate unnecessary misunderstanding, disparities and conflicts.*

**Key words:** *international negotiations, cultural differences, globalisation, cross-cultural negotiations, negotiating process*

**Аннотация.** *Статья посвящена сравнительному анализу исследований процесса ведения международных переговоров и выявлению роли культурных отличий в этих процессах. Сравнительные исследования оказываются исключительно производительными, если принимать во внимание тот факт, что способность ведения эффективных международных переговоров является сегодня sine qua non условием инициирования и поддерживания хороших отношений с зарубежными деловыми партнерами, институциями и политическими организациями. Авторы признают культурные факторы решающими в дебатах и медиациях между странами и приходят к выводу, что с целью избежания конфликтов, которые могут возникать из-за культурных различий, ведению международных переговоров должно обязательно предшествовать исследование культурных принципов другой стороны переговоров, в первую очередь это касается обязательных норм относительно предмета переговоров. «Глобальные» переговорщики*

должны приспособлять свою стратегию ведения переговоров к полученным знаниям, если они стремятся сделать ее эффективной, избегать недоразумений и возможных конфликтов.

**Ключевые слова:** международные переговоры, межкультурные переговоры, культурные отличия, глобализация, процесс переговоров

**Problem statement and analysis of last achievements and publications.** The success in negotiations depends of several factors, such as the psychological, social, political, geographical, environmental ones. In international negotiations, however, the cultural background seems to play a decisive role, far more important than other aspects, including the psychological traits of negotiators participating in the processes. Especially nowadays, in face of growing globalisation, it is only the awareness of specific cultures characteristics that can bring profits to both sides of the process. Hence the need to analyse the essential intercultural variance which constitutes a major determinant in negotiation processes carried out by representatives of differentiated cultural groups. Understanding the cultural differences, followed by the adequate adjustment of the negotiating methods to them should build the overall strategy between the parties.

Globalisation and regional integration processes as well as military conflicts cause that negotiations and mediations related to trade, military actions and financial transactions are more and more often conducted between representatives of different countries, and also constitute a natural element of supranational corporations activity. Generally speaking, negotiations are recognized as an important element of contemporary business and politics. They are supposed to lead to mutually accepted settlements of conflicts and disputes.

Several authors have recently devoted their studies to the problem of negotiations in the global scale, especially within the field of business relations. The most prominent of them include Richard R. Gesteland, the author, among others, of the books entitled *Cross-Cultural Business Behavior* (5th edition

2012) and *Marketing Across Cultures in Asia* (2002). Gesteland created a model of cross-cultural business behavior, directly referring to negotiating processes. The author states that knowledge of different cultures as well as consciousness of their impact on negotiation processes and their results constitute an integral factor in preparing intercultural parley. He characterises these differences referring to the following four aspects:

- 1) task-orientation vs people-orientation,
- 2) informal vs formal,
- 3) rigid vs fluid,
- 4) expressive vs reserved [2].

It should be kept in mind that such orientations affect the national styles of negotiating, and – ultimately – the cross-cultural outcomes of debates and business transactions.

Another worldwide recognised author, Jeswald Salacuse, who specializes in international negotiation and arbitration, devoted the following major works (books and articles) to the discussed problems: *The Global Negotiator: Making, Managing, and Mending Deals around the World in the Twenty-First Century* (2003), *Seven Secrets for Negotiating with Government* (2008), *Negotiating Life* (2013). Salacuse tries to bridge the cultural differences in international negotiations giving practical advice on how to win, taking into account different approaches resulting from different cultural backgrounds. He emphasises the fact that culture affects the way people think, communicate and behave, make transactions and negotiate them. He is right saying that in extreme cases, such differences can entirely impede negotiating process. The problem is that in the face of cultural multiplicity it is practically impossible to understand in full the all cultures whose representatives participate in negotiations.

Salacuse distinguishes “top ten” elements of negotiating behaviour related to cultural differences that are essential for the negotiating processes. It is true that the knowledge of such specific factors can anticipate possible misunderstandings. The distinctions proposed by Salacuse include the following

categories: Negotiating goal: contract or relationship, Negotiating attitude: Win-Lose or Win-Win?, Personal style: Informal or formal?, Communication: Direct or indirect?, Form of agreement: General or specific?, Building an agreement: Bottom up or top down?, Team organization: One leader or group consensus?, Risk taking: High or low?

Some of the above distinctions overlap with those formulated by Gesteland. The model proposed by Salacuse distinguishes the opposite pairs of factors rooted in cultural variance [11].

Saracuse's model includes the essential aspects of negotiation problems that can arise within cross-cultural communication processes aspiring at arriving at common goals. Accordingly, this model can be applied in comparative studies in the role of culture determinants within international negotiating processes.

Geert Hofstede, the social psychologist and the author, among others, of *Culture's Consequences: International Differences in Work-related Values* (1980) [3] developed the so called cultural dimensions theory, which is used in studies in the role of cultural factors in negotiating processes with foreign partners. He describes the following six dimensions of national cultures: Power distance, Individualism, Uncertainty avoidance, Masculinity, Long term orientation, and Indulgence vs. restraint. As compared to the formerly discussed theories, some of the quoted aspects are comparable to those listed by Salacuse and Gesteland. All these scholars stress the basic cultural factors that affect international parley.

A significant book of collective authorship entitled *International Negotiation. Analysis, Approaches, Issues* (2002) [5] can also be considered an important position in the field of global conflict resolutions. It contains articles on international negotiation analysed from the viewpoint of various disciplines. The work presents a synthesis of contemporary negotiation theories and perspectives for understanding negotiation dynamics.

In Poland, the art of negotiating is one of the newest aspects of marketing and business life. The first major books devoted to negotiations in the Polish

language were published in 1990s: Maciej Stalmaszczyk's *Negocjacje transakcyjne w handlu międzynarodowym (Negotiations in International Trade)* and Paweł J. Dąbrowski's *Praktyczna teoria negocjacji (Practical Theory of Negotiations)* [1]. The first edition of Polish best-seller, Zbigniew Nęcki's *Negocjacje w biznesie (Business Negotiations)* was released in 1991 (followed by editions in 2000, 2004, 2006, 2011). In 2001, the author published *Negocjacje w Unii Europejskiej – przewodnik dla przedsiębiorców (Negotiations in the European Union: A Guidebook for Entrepreneurs)* (co-authors: J. Rosiński, L. Górniak).

Zbigniew Nęcki supplements the discussion on the factors affecting the agreement between people coming from different cultural backgrounds with the issues of communicology, business and psychology of international contacts (table 1).

**Table 1**

**Basic factors determining the level of mutual understanding and agreement in intercultural contacts**

Factors	Contents
Choice of the communication language	<ul style="list-style-type: none"> <li>– English as international business language</li> <li>– Basic knowledge of the contractor's language</li> <li>– Comand of various different languages</li> </ul>
Knowledge of history	<ul style="list-style-type: none"> <li>– History of the contarctor's country</li> <li>– History of the company and business branch</li> <li>– Knowledge of the intelocutors' biographies</li> <li>historia relacji między krajami i stronami</li> </ul>
Knowledge of religion	<ul style="list-style-type: none"> <li>– Religion as the basic system of beliefs</li> <li>– The ideological value of religious patterns</li> <li>– Reverence for religious symbols and images, functions of church organisations</li> </ul>
Knowledge of customs	<ul style="list-style-type: none"> <li>– Adequacy of everyday situations interpretations</li> <li>– Consciousness of rituals and their breaking</li> <li>– Interpretation of social roles and obligations</li> <li>– Expression of reverence and acceptance of authorities</li> </ul>
Mentality and stereotyeps	<ul style="list-style-type: none"> <li>– Mutual pinions about each party</li> <li>– Equality or superiority/inferiority feeling</li> <li>– Basic opinions and prejudice</li> <li>intensywność kontaktu z jednostkami i organizacjami</li> <li>zakorzenie uprzedzeń</li> </ul>
Realism in evaluation of	<ul style="list-style-type: none"> <li>– Difficulty in evaluating social facts</li> </ul>

facts	<ul style="list-style-type: none"> <li>– Political ambiguities</li> <li>– Analysis of economic situation</li> </ul>
Avoiding conflicts	<ul style="list-style-type: none"> <li>– Unadvisable non-verbal behaviours</li> <li>– Indelicacy of some conversations</li> <li>– Incorrectly chosen gifts (eg. alcohol for Arabs)</li> </ul>

Source: [8].

**Highlight of the earlier unresolved parts of the general problem. Aim of the study.** The literature on the studied subject has focused mostly on the selected cultural differences in negotiating processes. The aim of the present paper consists in the comparative analysis of various results of so far studies concerning the international negotiation processes, concentrating on differences in respect of culture determinants. Such comparative studies are necessary considering the fact that the capability of leading fruitful international negotiations constitute today a sine qua non condition of initiating and maintaining good relations with foreign business partners and institutions as well as political organizations which aim at effective activity on the global market or forum. Cultural differentiation can constitute a barrier in efficient international parley, and thus the developed cultural competence of the participants is required. The best way to acquire such competence is, in our opinion, a comparative study.

The following problems of the studied field are to be exposed: interpretation and significance of cultural groups variance within the negotiation process, adjustment of negotiation partners to cultural differences and their selection of the right method accordingly, principles of preparing and carrying out the negotiations in the international scale.

**Study results and their discussion.** In intercultural relations the preliminary and basic position is occupied by internalisation of behaviour patterns typical of a given culture. The modes of behavior resulting from such patterns are usually taken for granted and understood as obvious. That is why conflicts may arise when behaviour of people belonging to one cultural circle

possesses a different meaning. The lack of reflection over the differentiation of cultural standards can lead to a negative bias or even a breach in contacts.

The basic typologies of various cultural traits can serve as the explanation of variance in behavior of negotiators representing different cultural orientations. They also allow for the identification of potential conflicts that can arise in cross-cultural negotiations. To the culture typologies already discussed, other can also be added, authored by E. Hall, C. Hampden-Turner, and A. Trompenaars, B. Bjerke.

Within the framework of comparative analyses based on the typologies proposed by Jeswald Salacuse [11], Richard R. Gesteland [2], Geert Hofstede [3; 4], A. Olejniczak [9], J. Mikułowski-Pomorski [7] and others, the following table 2 synthetically presenting the major cultural differences and their role in intercultural negotiations has been developed. Generally, the cited authors' distinctions at some points overlap regarding the major attributes of various types of culture, even though the nomenclature differs.

**Table 2**

**Cultural variance and its impact on negotiations**

Cultural differences	Exemplary countries	Possible impact on negotiation strategies
<u>1. Negotiating goal</u>		
Contract	North Europe, Spain, North America, Australia, New Zealand	<ul style="list-style-type: none"> <li>– focus on the task performance</li> <li>– the main goal of negotiations: signing a contract</li> </ul>
Relationship	Arab countries, most African countries, Latin America, Asia, India	<ul style="list-style-type: none"> <li>– focus on persons with whom to negotiate</li> <li>– the goal of a negotiations is not a signed contract but rather the creation of a relationship between the two parties</li> <li>– allotting more time and effort to negotiation preliminaries</li> <li>– significance of personal contacts</li> </ul>
<u>2. Negotiating attitude</u>		
Win-Lose	Spain	<ul style="list-style-type: none"> <li>– a negotiation is considered a struggle in which one side wins and the other side loses</li> <li>– confrontational attitude</li> </ul>
Win-Win	Japan	<ul style="list-style-type: none"> <li>– a negotiation is considered a process in which both parties can gain</li> <li>– a collaborative, problem-solving attitude</li> </ul>



### 3. Personal style

Informal	USA, Australia, New Zealand, Iceland	<ul style="list-style-type: none"><li>– a negotiator with an informal style tries to start the discussion on a first-name basis, quickly seeks to develop a personal, friendly relationship with the other team, and may take off his jacket and roll up his sleeves when deal making begins in earnest</li><li>– in negotiations with representatives of this cultural circle, informal style can be adopted</li></ul>
Formal	Japan, most European countries	<ul style="list-style-type: none"><li>– based on the hierarchy and differences in social status</li><li>– a negotiator with a formal style insists on addressing counterparts by their titles, avoids personal anecdotes, and refrains from questions touching on the private or family life of members of the other negotiating team</li><li>– negotiators in foreign cultures must respect appropriate formalities.</li><li>– in negotiations with representatives of this type of culture, the initial adoption of a formal approach is recommended as safer</li></ul>

### 4. Communication

Direct	USA, Israel, Switzerland, Germany, Scandinavian countries	<ul style="list-style-type: none"><li>– one can expect to receive a clear and definite response to proposals and questions.</li></ul>
Indirect	Japan, Egypt, Arab countries, Mediterranean countries, South America	<ul style="list-style-type: none"><li>– figurative forms of speech, facial expressions, gestures and other kinds of body language play a great role</li><li>– reaction to the other party's proposals may be gained by interpreting seemingly vague comments, gestures, and other signs</li></ul>

### 5. Sensitivity to time

High	Germany, USA, Scandinavian countries	<ul style="list-style-type: none"><li>– punctuality</li><li>– quickly getting to business</li><li>– stable schedule</li><li>– fast negotiation procedures</li></ul>
Low	Latin America, Arab countries, India, most African countries	<ul style="list-style-type: none"><li>– punctuality is not essential</li><li>– amendments to the schedule are accepted</li></ul>

### 6. Emotionalism

High	Latin America, Mediterranean countries	<ul style="list-style-type: none"><li>– expression of emotions is considered appropriate</li></ul>
Low	Japan, most Asian countries, Scandinavian countries, Germany,	<ul style="list-style-type: none"><li>– reserved attitude to in displaying emotions is manifested</li></ul>

## Britain

### 7. Form of agreement

General	China	<ul style="list-style-type: none"><li>– the written agreements signed by the parties assume a form of general principle</li><li>– the essence of the deal is considered to lie in the relationship between the parties. If unexpected circumstances arise, the parties should look primarily to their relationship, not the contract, to solve the problem</li></ul>
Specific	USA, England	<ul style="list-style-type: none"><li>– the written agreements signed by the parties are detailed, including all possible circumstances and eventualities that may arise, even the most unlikely ones</li><li>– one is to refer to the contract to handle new situations that may arise</li></ul>

### 8. Building an agreement

Bottom up	USA, Japan, Mexico, Brazilia	– inductive mode is applied – starting with agreement on specifics
Top down	France, Argentina, India	– deductive mode is applied – beginning with agreement on general principles and proceeding to specific items

### 9. Team organization

One leader	USA, Brasilia, Mexico, China	<ul style="list-style-type: none"><li>– stressing the role of the individual in negotiations</li><li>– strong leader</li></ul>
Group consensus	Japan, China	<ul style="list-style-type: none"><li>– emphasis on the role of a group in negotiations</li><li>– consensual organisation</li></ul>

### 10. Risk taking

High	Latin America, Mediterranean countries, Japan, South Korea, China	– willingness to take risks
Low	Other Asian countries, African countries, Anglo-Saxon countries, Nordic countries, Holland	– aversion to taking risks

### 11. Gender orientation

Masculinity	Japan, Austria, Venezuela, Italy, Mexico	<ul style="list-style-type: none"><li>– distinction between masculine and feminine traits</li><li>– open manifestation of ambition</li><li>– dominance of men</li></ul>
Feminity	Sweden, Norway, Holland, Denmark,	– free adoption of roles by women and men is acceptable

Finland, Iceland

- modesty and lack of strong competitiveness
- equality and interdependence of both genders is emphasised

## 12. Power distance

High

Spain, Portugal, France,  
Italy, China, Viet Nam

- people consider political power as an important component of social life
- superiors consider the subjects as unequal in hierarchy
- manifesting fear in face of the authority

Low

Germany, England,  
Holland, Norway,  
Sweden, Iceland

- people think that power can be exercised only within the limits of law
- people are considered equal regardless of their social status
- the superiors are considered colleagues

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*Source:* The authors' own development based on literature [2; 7; 11].

All in all, the cultural differences affect primarily the following basic negotiation attributes:

- the way of making decisions by negotiators,
- the scope of trust between the parties to negotiation,
- the scope of tolerance in the face of ambiguities occurring within the communication process,
- negotiators' emotional needs – dominance or giving way.

To avoid disruption of communications process in negotiations due to cultural differences, the negotiators should learn at least the basics of the other party's culture, and adequately adjust their behavior to it. Let us remember, that the objective of the process is to attain at least minimum agreement as to the prospective outcomes of negotiations and the interaction mode. As R. Gesteland remarks referring to the field of international business negotiations, the two basic rules can be formulated here [2]:

- 1) the seller should adjust to the purchaser,
- 2) the incomer should follow the local habits, in accordance with the well-known rule: "*When in Rome do as the Romans do*".

However, the question concerning the scope of adjustment to a different culture necessary for effective negotiating in the international scale is not easy to answer. After Weiss, we can distinguish the preliminary stages anticipating the planned intercultural negotiations:

- 1) knowledge on how our own culture affects our behaviour in negotiations (based on the above presented traits),
- 2) knowledge on how the cultural background of the other party influences their acting in negotiations,
- 3) analysis of relations between both parties as well as the negotiation context,
- 4) anticipation of the behaviour of the other party, or impact on their actions,
- 5) final choice of the strategy of proceeding [12].

One of the most efficient strategies lies in adopting the norms of the partner's culture. Yet, not many negotiators can apply this type of strategy. It requires a perfect knowledge of the other party's culture, which in fact can be attained only by fully *bilingual* and bi- or multi-cultural persons, who were either brought up in the milieu of both cultures or have been living for a long period of time in a given country. After Pollock, such persons can be called the "*third culture kid*" [10]. This strategy can really facilitate the negotiations process. At the same time, it requires a significant effort on the side of the negotiator who adopts the norms of the partner's culture.

The other strategy can be called "improvisation".. The improvisation metaphor refers to music and suggests adjustment to the partner's culture introduced spontaneously within the negotiation process. In the musical improvisation, the basic element consists in the initial melody, in the leading motif. In negotiations, such starting point refers to the knowledge of both cultures by the negotiator who introduces the strategy of "improvisation".

Such strategy is possible to adopt only when both parties know well the cultures of their partners. Then not too much time or effort is wasted to show to the other party the meaning of particular types of behaviour typical of one's own

culture or the partner's one. It is obvious that such strategy may present numerous problems for negotiation teams.

Still another kind of strategy can be called “negotiation symphony” – the one that is an effect of the effort of one or two sides aiming at taking advantage of all the merits related to the perfect knowledge of each other's culture. It differs from the strategy of coordinated adjustment to the other party's culture, as each party thereto can fully adopt the norms of the partner's behavior and not only selected aspects of their culture. Such strategy can be used only with the consent of both parties. For instance, the parties can decide that in the seat of a given party, the negotiations are carried out in accordance with their local culture, including even the language. The currently common example of this strategy is the negotiators' selection of a third culture. This can consist in a specific subculture common to the both sides – a culture of an international organisation or transnational business organisation. In the epoch of political, economic and social integration, the strategy of “negotiation symphony” seems to be particularly promising [6, p.33-42].

**Conclusion and perspectives of further development.** The comparative study of the literature on the subject made it possible to relate elements of various culture typologies to their impact on the process and success of international negotiations. The analysis points at the necessity of adjusting cross-cultural negotiations to the specific cultural norms of the other party. It can also be concluded that the preliminary stage of international negotiations should consist in getting knowledge of an alien culture and preparing the adequate strategies in advance. Such strategies should be oriented on preventing the plausible conflicts resulting from differing cultural norms and eliminating the clashes and ambiguities, which can be avoided by applying the proper decoding methods.

In the face of expanding international integration in economic, political and business spheres, also the role of cross-cultural negotiations will keep growing. Accordingly, it will require the ever deeper knowledge of cultural

differentiation and the strategies of coping with them, as the success in negotiations will always be determined primarily by the cultural conditions, and only secondly by the individual traits of negotiators or other factors. More extensive empirical and theoretical studies in the cultures of the world are still in need.

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