The Palgrave Handbook of Cross-Cultural Business Negotiation

Edited by
Mohammad Ayub Khan · Noam Ebner

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Foreword

Spanning over 30 years of academic life as a scholar in the international and global management areas, moving between North and South America, my career as a university instructor, academic administrator, and researcher has provided me with a unique perspective for commenting on the contribution made by a book on international and intercultural negotiations. From this particular perspective, the *Palgrave Handbook of Cross-Cultural Business Negotiation*, edited by Mohammed Ayub Khan and Noam Ebner, is a coherent and comprehensive collection of readings on the ever-complex topic of international and multicultural negotiations. The ample scope of the book provides the reader with perspectives garnered from both applied and theoretical approaches to negotiation. This book covers topics directly related to central theories of multicultural negotiation, includes contributions from a very diverse group of writers, and emphasizes the importance of external and contextual factors affecting the many ways in which negotiation scenarios unfold and their outcomes take shape.

In the face of complex and emerging business and social environment phenomena, the usefulness of this book is beyond any doubt. The theoretical chapters combined with applied discussions of multinational cross-cultural systems and negotiation provide conceptual frameworks and prescriptive answers to many of the situations that organizations and their leaders and influencers face when developing strategies to cope with exchange-driven external challenges. Furthermore, the readings contained in this volume create a comprehensive package of applied knowledge and critical theory insight. I consider the *Palgrave Handbook of Cross-Cultural Business Negotiation* a necessary addition to any university or private library. The book also makes the perfect reading pack for any university course and company training program in the fields of cross-cultural management and negotiation, providing both the learner and the instructor with a holistic view of the subject.

I recommend the book's adoption not only to librarians but also to academics or practitioners interested in gaining a current and relevant perspective on multicultural negotiation. You may rest assured that this set of readings provides you with the latest ideas and concepts in this field, and that it will expand your knowledge horizon of this fascinating discipline.

Tecnológico de Monterrey Salvador Trevino Martinez
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Preface

As globalization has increasingly brought members of different cultures into contact with each other, the study of culture and negotiation has gained corresponding prominence since the 1980s. Scholars have written numerous books and articles about the complexities of negotiating across cultures from various disciplines, ranging from context-rich, detailed descriptions of negotiations within a culture to comparative analyses of negotiation processes across cultures. Although cross-cultural negotiation research continues to expand our understanding of culture's influence on negotiation, it has evolved much more slowly than mainstream negotiation theory and research. This book aims to help bridge that gap, even as it offers directions for future research.

This book offers readers three benefits: First, reading this book will improve your ability to negotiate successfully. You and your company will be more affluent, and you will experience fewer sleepless nights anticipating an upcoming interaction, given that you will have a robust framework and a packed toolbox for negotiation success. However, this promise comes with a caveat: Negotiation skills do not develop through passive learning. Instead, you will need to challenge yourself actively. We believe that negotiation skills are transferable across situations. In making this statement, we do not mean to imply that all negotiation situations are identical; negotiation situations differ dramatically across people, cultures, and activities. However, certain fundamental negotiation principles are essential across all these variables. The knowledge and skills contained in this book are useful across a wide range of situations, ranging from sophisticated, multiparty, multicultural deals to one-on-one personal exchanges. In summary, our model of learning is based on a three-phase cycle: Experiential learning, feedback, and learning new strategies and skills (Liu, 2015).

Additionally, this book offers an enlightened model of negotiation. Being a successful negotiator does not depend on your opponent's lack of familiarity with a book such as this one or lack of training in negotiation. In fact, it would be ideal for you if your key clients and customers knew about these strategies. This approach follows what we call a fraternal twin model, which assumes that the other person you are negotiating with is every bit as motivated, intelligent, and prepared as you are. Thus, the negotiating strategies and techniques outlined in this book do not rely on "outsmarting" or tricking the other party; instead, they teach you to focus on simultaneously expanding the pie of resources and ensuring the resources are allocated in a manner that is favorable to you. While you might sometimes do well by recognizing a particular lack of preparation on your counterpart's side, you will usually be better off using your knowledge and understanding in order to help them participate well in the negotiation process.

Global business management issues and concerns are complex, diverse, changing, and often unmanageable. Industry actors and policymakers alike need partnerships and alliances for developing and growing sustainable business organizations and ventures. Therefore, global business leaders must be well versed in managing, in leading multidimensional human relationships, and in creating business networks. Negotiation is key to all these processes. As a historical panacea to human and business problems and conflicts, the importance of learning about the discipline of negotiation is rising both in academia and in industry. Direct negotiation is, and has always been, the most effective method for resolving all forms of disputes and conflicts in human society, for forming beneficial deals, and for developing fruitful partnerships. Setting history aside for a moment, consider these recent and current developments on the global stage and at the industry level:

- BREXIT
- *Negotiation of multilateral agreements at the WTO*
- *Resolving complex historical and multidimensional disputes in the Middle East*
- *Managing and resolving nuclear conflicts between the West and Iran and North Korea*
- *The US' intentions of renegotiating NAFTA, TPP, and TTIP*
- *The myriad negotiations of recent mergers and acquisitions in the industrial world*
- *The conflicts in Syria, Yemen, and Afghanistan*
- *The recent calls for talks between Pakistan and India over Kashmir*
- *The South East China Sea dispute*
- *The Microsoft-Nokia Deal*

- *The Factory-Safety Agreements in Bangladesh*
- *The AT&T and Time Warner merger*

Now, to add history back into the mix, consider that if instead of reviewing the present and the past five years for significant conflicts and deals in which negotiation played a major role, we had reviewed the past 20 years; the list would go on for pages and pages. This indicates that the importance of negotiation for international business and global relations will only continue to grow. We believe that all these developments on the global stage demand and require that leaders guiding such negotiations, and the many representatives actually sitting at the multiple tables involved in each process, possess an in-depth knowledge of the science and art of negotiation.

However, in today's business environment, fundamental mastery of negotiation is only the first step. Managers and leaders negotiating around the world require an advanced understanding of how negotiations unfold in a globalized world encompassing the diverse and complex issues facing humanity. Actors at all levels of the modern firm find themselves interacting with counterparts from around the world, in a wide variety of contexts. Negotiation counterparts might be located in different countries, and colleagues might be from, or on, different continents. To be effective, negotiators must recognize, understand, and cope with the challenges of intercultural communication and negotiation.

Herein lies this book's third, and unique, benefit.

There are many books discussing negotiation, some surveying various issues and others offering more complete operational models. There are books that discuss cross-cultural negotiation in a general sense. And, there are books of the "Negotiating in …" variety surveying negotiation tendencies of people from different countries. This book is unique in combining all three of these. It elaborates foundational elements of negotiation, addresses the theories and challenges associated with cross-cultural negotiation, and offers a wide range of country-specific chapters dedicated to exploring how these issues and others play out in a wide variety of locales, the world over. Rather than offering a single model of negotiation, claiming its applicability across regions and cultures (which many texts do, even though they have clearly been developed, and are most applicable in a developed Western setting), we've chosen to clarify basic elements of negotiation, pointing out that they apply differently in different settings. After providing a set of guidelines and terminology for understanding differences across cultures, we've then applied these elements of negotiation at the local level. The country chapters develop and implement, locally, issues discussed in the foundational section, making this book a comprehensive and useful reference book.

The book is unique in a number of other ways. First, in the number of countries covered, and the wide range of geographies, regions, economies, developmental stages, and cultures they span. The book covers 18 countries from all around the globe. Second, it focuses on the business context. Other texts do not maintain this focus—discussing country cultures and behavioral tendencies in general or focusing on (or mixing in) exploration of negotiation patterns of diplomats or peace negotiators. Third, it combines academic and practical elements. The foundational section of the book provides a theoretical grounding from an academic perspective. This is shored up locally and practically: *locally*, by introducing literature relating to each of the locales detailed in the country chapters, and *practically* by relating to each of these locales through the perspective of each country chapter author's experience working in that country, offering local case studies, local business norms, and local negotiation dynamics that go beyond the literature and offer the reader a window into the actual practice of negotiation in that country. Fourth, this book truly designs a web of knowledge, theory, and practice, given that it comprises the work of authors with diverse and impressive backgrounds in academia and practice, from a wide range of countries around the world. Their backgrounds are varied, yet they all share deep and vast knowledge of local and international industry practices as well as experience with the rigors of academia developed in their work as teachers and researchers in areas of international business, management, and other disciplines. Their work bridges the worlds of practice and academia through their participation in international academic and professional conferences and their engagement with the industrial world as consultants and trainers. Fifth, and last, is that this book does not default to a Western perspective. The editors each have roots in East and West, and the diversity of the country chapter authors is as global as the span of the countries they cover. Our aim was to have a book that is as useful for someone traveling from East to West as it is from West to East, and from North to South as from South to North.

Of course, when we use terms such as "Global" to discuss the book, we do not imply that we have surveyed every nationality, country, or culture in the world. Nor do we suggest that the countries we have included in the book are representative of the full global set in any way. When we set out to create this book, we aimed to collect as many county chapters as possible in a given time frame, with the overall assumption that no country was inherently more important than any other. In practice, we admit to being particularly excited when we were able to secure authors writing about countries which had hardly or never been examined from a negotiation perspective. However, in the end, compiling this book involved our global solicitation on the one hand and our commitment to quality and to publication deadlines on the other. The outcome is the book now before you. Reviewing our outcome in the final editorial process, we note that while the book spanned many divides—continents, developed and undeveloped countries, East and West, North and South, two elements are missing. One is a chapter on the United States. While this would seem to leave a big gap, we suggest that this gap is not as large as it seems. Many books written on negotiation are, arguably, books about negotiation in the United States, even if they don't hold themselves out as such. In fact, the very fact that US negotiation experts write about negotiation without specifying that their expertise, research, and experience are largely couched against US context and culture is arguably, in itself, a cultural statement about the United States and US negotiators. Readers preparing to negotiate in the United States would do well to read the general sections of this book, and then, with a cross-cultural perspective set firmly in place, read one of the many excellent books on negotiation written by US-based experts. We feel, on the other hand, that the lack of any chapters discussing negotiation in African countries does indeed pose a gap in the body of knowledge this book offers. We hope others will fill this gap or to address it ourselves in a future edition of this book. Such are the vagaries of international authorship and publishing; we hope our readers understand this and are similarly accepting of subjective omissions, such as finding that their own home country was not specifically covered in the book.

This book offers itself to different types of readers. We hope it will provide teachers of negotiation, international business, cross-cultural interaction, international relations, and more, a contemporary and uniquely helpful textbook to assign in their courses. It may also be of interest to teachers of courses in the fields of engineering, development, the social sciences, and the humanities. Beyond serving teachers and their students, the book will provide corporate trainers with the background material necessary to enhance their companies' performance and researchers on these topics a wealth of material to utilize in conducting cross-cultural comparisons. In this sense, we hope the book to be influential and generative in the fields of international negotiation and intercultural communication rather than remain merely descriptive. Finally, we hope it will be read by individual world travelers and, particularly, managers outbound for negotiations with new partners or in new markets around the world, with an invaluable resource for preparing for negotiation, in general, and for dealing with their anticipated counterparts.

As described below, the book has five parts.

Part I: Negotiation Across Cultures: Establishing the Context

This part of the book includes "Chapter 1: Global Business Negotiation Intelligence: The Need and Importance". The content of this chapter helps us to fine-tune our negotiation approaches as we deal with a variety of issues, impacted by news and views that reflect the global dynamics that we face today and expect to live with during the years and decades to come. The chapter also highlights the most important global trends and tendencies in the business arena. These trends and tendencies reflect wider global dynamics and the realities of our changing world.

Part II: Negotiation Across Cultures: Theoretical Understanding

This part covers basic and advanced issues in the field of negotiation, encompassing fundamentals of negotiation, transcendental negotiation, negotiating alliances and partnerships in international business, and negotiating via Information and Communication Technology (ICT)-based communication channels. It culminates with a chapter on global cultural systems, which constructs pathways for applying all of these foundational issues in cross-cultural settings.

Chapter 2: Understanding the Scope and Importance of Negotiation

The discussion of the role and importance of negotiation in resolving conflicts of any size, nature, level, and degree has always been an essential subject in the academic community and professional environment. Negotiation is one of the fastest, cheapest, and most common alternatives to dispute resolution in the context of international business as well as for resolving interpersonal disagreements. Therefore, understanding its significance and application is essential for novices and experienced practitioners alike. Notably, it is essential to learn how to conduct negotiations across cultures and in different countries of the world. This chapter, therefore, is dedicated to detailing various aspects of negotiation, including its basic definitions, concepts, and theories, as well as its relationship with other competing alternatives of dispute resolutions such as adjudication, arbitration, and mediation.

Chapter 3: Negotiating for Strategic Alliances

Alliances play a vital role in today's economy, which is characterized by value chains that often transcend national borders. As each partnership is different, there is a need to negotiate specific terms, including the scope of activities, equity participation, and the contribution of each of the partners. A vital part of the setup process is the negotiation of the original agreement. Sophisticated alliance contracts contain provisions for containing the partners' opportunism, stepwise implementation, contingent agreements, and clauses for dispute resolution. The operational phase of the alliance can be framed as an ongoing negotiation process, which will lead to a new round of renegotiations or a breakup. Given the degree of complication and the evolutionary nature of alliance, it is recommended that each partner designate interface managers for managing the ongoing relationship.

Chapter 4: Transcendental Negotiations: Creating Value with Transgenerational Negotiations

This chapter aims to encourage negotiators to not only pursue their desire to create value through their short-term deals but also to strive to achieve more temporary evolutionary solutions that will impact future generations. Future generations include future interactions between the parties, general developments in society, and, literally, interactions between negotiators' descendants. We introduce the moral pillars that can support such transcendental negotiations and encourage readers to practice these pillars in their next negotiations. A brief review of negotiation theory is presented, laying the groundwork for introducing a type of negotiation, as an alternative to the commonly-discussed distributive and integrative categories. In this alternative framing of interaction, negotiators transcend the transaction and break away from the paradigm of individualism, which dictates that the only possible way to achieve success is by manipulating others, emphasizing personal gain and selfishness.

Chapter 5: Negotiating with Information and Communication Technology in a Cross-Cultural World

This chapter introduces the benefits and challenges of using ICT-based channels for negotiation. Applying a number of key theories from the field of communications—Media Richness Theory, Channel Expansion Theory, and

Media Synchronicity Theory—it explains the ways in which people use communication media and the ways in which any given media affects the communication it conveys. These theories are applied to negotiation, to frame challenges that online negotiation poses to successful negotiation—and to provide guidelines for overcoming them and for utilizing ICT beneficially. These issues are considered in light of ICT-based negotiation's use for cross-cultural negotiation in the modern business world.

Chapter 6: Global Cultural Systems, Communication, and Negotiation

Globalization, and an unprecedented level of international traveling, communication, and business, make cross-cultural negotiation a necessity. This chapter introduces cross-cultural management theories and explains how differences in national cultures influence the way negotiations are conducted around the world. Results show that motivation to negotiate, decision-making, and negotiation processes all change with culture. This part of the book contrasts the usefulness of national culture theoretical frameworks with their limitations, suggesting ways to deal with challenges and objections. The chapter presents new trends in the field, such as the Cultural Intelligence framework, and discusses opportunities for future research. Throughout the chapter, the author provides numerous culture-specific examples and practical recommendations for the global negotiator.

Part III: Negotiation Across Cultures: Country Analysis

Part III applies the fundamental principles laid out in Part II while adding a cultural overlay. This part surveys 18 counties from all around the world about negotiation practices of managers. Chapters in this part were contributed by experts who were born, have lived, studied, and/or worked in those countries, allowing them to complement their discussion of relevant literature with real-world experience and familiarity with the business environment, socio-cultural dynamics, and negotiation culture of each locale. This part is dedicated to the study of negotiation styles, strategies, and techniques used by negotiators from different countries in different regions in the world. The country-specific chapters comprising this part discuss each country's unique negotiation environment, as well as provide information on several predetermined topics we specifically asked authors to address, including:

- Country background analysis (historical perspectives as well as national indicators).
- National cultural analysis based on cultural theories such as Hofstede's (2001) national dimensions of culture or Hall's (1976) model of high- and low-context cultures. Authors were free to choose to select and present cultural analysis theories as per their preferences, interests, and expertise.
- Discussion of the general business environment.
- National preferences or mind-set, with regard to approaches to resolving differences, disputes, and conflicts in business, politics, or personal life.
- National negotiating styles, strategies, and techniques—based on a literature review as well as the professional experience of each author.
- Qualities, strengths, and weaknesses of negotiators from each country.
- Exceptions to national negotiation culture: Subcultures and contextual differences.
- Best practices for negotiating with managers from each country.
- Database links and references to provide readers access to further information sources on negotiation in each country.

The part includes the following chapters:

Chapter 7: Negotiating with Managers from Britain
Chapter 8: Negotiating with Managers from Mexico
Chapter 9: Negotiating with Managers from France
Chapter 10: Negotiating with Managers from Israel
Chapter 11: Negotiating with Managers from Iran
Chapter 12: Negotiating with Managers from Pakistan
Chapter 13: Negotiating with Managers from Germany
Chapter 14: Negotiating with Managers from Turkey
Chapter 15: Negotiating with Managers from Spain
Chapter 16: Negotiating with Managers from Singapore
Chapter 17: Negotiating with Managers from Russia

Part IV: Negotiation Across Cultures: Multinational Analysis

This part comprises several chapters that instead of, or in addition to, exploring an individual country or countries, provided a significant level of multi-country or multicultural comparative analyses. These chapters further expand the number of country analyses provided in the previous parts but are included as a separate part to highlight their additional contribution of methodologies for multinational and multicultural comparison and recommendations for operating in multinational and multicultural environments.

Chapter 18: Negotiating with Managers in a Multicultural Context: The Unique Case of Dubai
Chapter 19: Expatriate Managers as Negotiators: A Comparative Study on Australians in China and French in Brazil
Chapter 20: The Australian Style of Negotiating with Managers from China
Chapter 21: Negotiating with Managers from South Asia: India, Sri Lanka, and Bangladesh

Part V: Negotiation Across Cultures: Future Directions

This part forecasts future trends and developments in the field of international negotiation.

Chapter 22: Wind of Change: The Future of Cross-Cultural Negotiation

This chapter reflects on some of the topics and themes emerging throughout the book, discussing changes that lie in store for negotiators and negotiation interactions in a world in which rapid, significant change has become the norm. It provides recommendations for negotiators on improving their capacity to adapt to new contexts and forms of negotiation.

Editors

Monterrey, Mexico — Mohammad Ayub Khan
Omaha, NE, USA — Noam Ebner

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Contents

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Habib Chamoun-Nicolas has, over the past 25 years, conducted negotiation and business development activities in diverse sectors, including oil and gas, mining and metals industry, petroleum, petrochemical, chemical, industrial, commercial, institutional, and the sales and marketing of services and products. Among the companies he worked for are ELF Aquitaine (Total), ICA Fluor Daniel, and Brown and Root. Dr. Chamoun has trained thousands of business professionals in a *Business Development Approach* in sales and negotiation and has researched *How Mexicans and Other Cultures Negotiate*. Dr. Chamoun designed a program to train a group of Beijing International Airport Managers in cross-cultural negotiations at the University of Houston in preparation for the 2008 Beijing Olympic Games, and participated as a negotiation judge in May 2011 at a Chinese International Negotiation competition at Beijing University. Dr. Chamoun is a Professor of Negotiations and visiting scholar at the Cameron School of Business, University of St. Thomas, and lectures at the Red McCombs School of Business of the University of Texas.

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Noam Ebner is Professor of Negotiation and Conflict Resolution in the Department of Interdisciplinary Studies, at Creighton University's Graduate School. Previously, Professor Ebner has held regular visiting positions at many universities around the world, including institutions in Turkey, Costa Rica, and Israel. Formerly chair of Creighton's Negotiation and Conflict Resolution Program's online graduate degree, Professor Ebner was among the first educators to promote and develop online teaching in the area of negotiation and dispute resolution. He has taught dozens of courses online, spearheaded curriculum and pedagogical development for an online master's degree program, consulted to programs and universities with regard to online learning, coached dozens of negotiation and conflict teachers from all around the world in their transition to online teaching, and taught one of the first Massive Open Online Courses (MOOCs) on negotiation. Professor Ebner has authored many articles and book chapters on his research interests of negotiation pedagogy, trust and its role in dispute resolution, and negotiation and mediation processes conducted online.

Andreas M. Hartmann has been an associate professor at Tecnológico de Monterrey in Monterrey, Mexico, since 2006, where he teaches in the fields of strategic management, cross-cultural management, and intercultural negotiation. His research focuses on multinational companies, knowledge-based firms, and cross-cultural aspects of management. A native German, he is fluent in English, Spanish, and French. Before this position, he worked as a language teacher and as a freelance translator and conference interpreter in Europe and Mexico. Andreas M. Hartmann holds a PhD in International Business and an MBA from the Tecnológico de Monterrey, as well as a double Master's degree in Translation and Conference Interpreting from the University of Heidelberg.

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Olivia Hernández-Pozas is an associate professor in the International Business department at Tecnológico de Monterrey in México. She is certified as an advanced Cultural Intelligence facilitator by the Cultural Intelligence Center. She is a member of the Academy of Management and a founder member of The Society of Intercultural Education, Training and Research (SIETAR) Mexico.

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Ruby Ma holds a PhD in the Department of Management and is teaching International Business and Business Ethics at Deakin University, Australia. Her research interests are negotiations and communications, culture and emotions influencing negotiations, *Guanxi* or relationship's influence on business, and cross-cultural and diversity management.

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Eduardo Olier is the President of the European think tank, Choiseul-Spain, specializing in geo-economics. He has been the Vice-President of NEC for the Iberian Peninsula and President of Bearing Point Consulting at Korn Ferry for the Spanish and Portuguese markets. He is a member of the board of several MNCs in Europe and an invited professor at leading universities, worldwide. He is the author of numerous books and articles about technology, international politics, and the economy.

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List of Figures

List of Tables

Part I

Negotiation Across Cultures: Establishing the Context

1

Global Business Negotiation Intelligence: The Need and Importance

Mohammad Ayub Khan and Giovanni Maria Baldini

Introduction

So many contemporary news items—Brexit, the Trans-Pacific Partnership, the Transatlantic Trade and Investment Partnership, renegotiating the North American Free Trade Agreement, negotiating and renegotiating the Iranian nuclear deal—demonstrate the need for negotiating settlements, and the urgency in doing so. When considering the management of global business affairs, factors including changing foreign laws, regulations, national political risks, interfirm strategic alliances, and intra-firm organizational design can all become potential sources of divergence of interests and of confrontation among stakeholders. This generates demands for learning and understanding about the discipline of negotiation, which in essence is enacting dialogue and direct communication between adversaries and among friends, to promote harmony, agreement, peace, and prosperity.

Historically, negotiation is one of the oldest human practices. To this day, the skill of knowing how to negotiate is considered a valuable tool for reconciling differences in our professional and social lives. The need for negotiation skills will endure for as long as humanity does. In modern times, against the backdrop of the emerging global society where people-to-people contact and networking are a day-to-day phenomenon, the negotiation field has attracted

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attention from scholars and practitioners from diverse disciplines, including sociologists, behaviorists, lawyers, anthropologists, and economists (Langović-Milićević, Cvetkovski, & Langović, 2011). Negotiation and diplomacy go hand in hand; international relationships among nations are the outcome of peaceful negotiations based on internationally recognized norms and rules. War, conflict, litigation, use of force, and coercion can solve problems temporarily but they may break down the basic fabric of human societies and their well-being. Even the most complex and complicated of negotiations, on the other hand, can be followed through to a constructive agreement.

Benjamin (2012) writes that "Since the end of World War II, in which the specter of nuclear war impelled the development of more 'scientific' methods of conflict management, negotiation and mediation were reinvented into a more 'rational' and acceptable form." Still, the human race has demonstrated, time and time again, a strong reluctance to pursue negotiation as a conflict resolution model. In fact, since World War II we have witnessed many other large-scale instances of armed combat; millions have been killed, villages and cities have been decimated, and there has been human suffering on a vast scale. The negotiation option was always there; still, parties opted to fight, leading to human disaster. The discords of past and present wars continue to haunt nations and societies in many parts of the world, with suffering taking many forms (poverty, hunger, disease, mass displacement, separation of families, death, abuse, and so on). Clearly, we need more negotiation in our world. "Every human being negotiates at some point in his or her life, on some matter or another, some more effectively than others. We have survived and thrived as a species largely because of this ability. And, of all modes of conflict management, negotiation processes are the most flexible, efficient, economical and eminently sensible in the human repertoire for managing issues, differences, and controversies" (Benjamin, 2012).

The Need for Learning About Negotiation

Negotiation is, at once, an art and science. It is a multidisciplinary subject in which socio-cultural, behavioral, psychological, and economic factors interact with each other and with the negotiation subject.

Who negotiates? Well, everybody negotiates. Whether you are a lawyer, a seller or buyer, a health officer, or a politician, you negotiate. In the context of business transactions, negotiations may take place between different players (listed below as examples) to settle issues ranging from type, price, quality, and design, to delivery date, guarantee, warranties, insurance, and after—sales services:

1. Suppliers and producers
2. Producers and customers
3. Business to business to consumer
4. Business to government
5. Government to government
6. Interfirm co-operations

Negotiation can take pace at local, national, and international levels. Managers need to learn about the various factors involved when negotiating at each of these levels. Learning about factors influencing negotiations conducted at local and national levels is relatively easier than learning about those involved in negotiations that take place at the international level. Local and national cultural systems are more homogeneous than the global cultural system. At the international level, the negotiation environment is diverse, multifaceted, and fast-changing.

The demand for learning about negotiation as a means to resolve human problems is increasing, given that other options (e.g., litigation and the use of military might) have not been able to produce sustainable results, and come with a hefty price tag. Negotiation is a particularly appropriate tool when there are many issues happening simultaneously; it offers the ability to design a wide variety of options to perfect an acceptable solution. These issues range from socio-cultural phenomena, political-economic integration and disintegration, global conflicts, and immigration, to digital transformation, artificial intelligence, and cryptocurrencies. Similarly, other problems such as poverty, unemployment, the wealth gap, environmental issues, and discrimination deserve deep understanding and quick resolution, given that they affect people's most basic well-being; negotiation can provide such understanding and these solutions, whereas other processes cannot.

These issues have increased the challenges for business negotiators as business management is no longer a local issue. The mobility of people, information, systems, and products has made it easier for business transactions and relations to take place across the globe. Such operations and relationships involve bilateral and multilateral negotiation and renegotiation activity. Contemporary business organizations have become even more dynamic and flexible in managing their operations. Information is available to all interested parties, decision-making is less centralized, and managers are empowered to negotiate business transactions. Job options, production options, and service options are available, creating a business and a professional environment conducive for negotiating optimal agreements.

Culture and Negotiation

In international negotiations, the challenge is now effectively managing differences across cultures and dealing with the different expectations of the parties involved in negotiations. Therefore, leading negotiation events does not only involve outcome distribution of a particular bargaining session but also managing context, socio-cultural protocols, and etiquette. Studies show that as differences in cultural systems influence management practices and approaches across nations (Alvesson, 2002), they have a significant impact on the way negotiations are undertaken. For example, national culture influences managerial decision-making, leadership styles, and human resource management practices (Li, Lam, & Qian, 2001). Thus, differences in decision-making styles, decision-making systems, and other human resources management practices will impact the negotiating styles of negotiators and the strategies they follow when negotiating. Similarly, national culture affects managerial functions such as communication, motivation, organizational design, people's expectations of work design, and reward systems (Nicholas, Lane, & Brechu, 1999)—all of which ripple out to affect negotiation.

Negotiation is largely a communicative activity, involving corporate and individual motivations and aspirations. Varying communication approaches and different interpretations of what is motivating or not for an individual in a particular cultural context are key factors to consider in international negotiations. Most of the studies (i.e., Hofstede, 1994) undertaken on differences in national cultures and the impact of such differences on organizations and individuals find that national cultures have profound effects on organizational structures, leadership, and negotiation styles (Nicholas et al., 1999). Furthermore, there is a strong bond between cultural identity and individual characteristics such as self-esteem, functional effectiveness, and quality of life (UNESCO, 2002), all of which affect negotiating behavior within and across organizations. Socio-cultural indicators such as customs, traditions, rituals, work habits, and time orientation can complicate and even frustrate both the process and outcome of any negotiation event (Moran, Harris, & Moran, 2010). Negotiators must therefore be socio-culturally intelligent and technically smart when dealing with cross-cultural and cross-national issues. They need to have a good knowledge of the people they are going to work with and understand their background, history, lifestyle, opinions, interests, beliefs, and preferences.

Globalization and Negotiation

Given the increasing globalization of people and products in an era characterized by increasing flow of commercial activities and professional ties across borders, the role of international negotiation is becoming even more critical (Cohen, 1997; Foster, 1992) in defining and concluding business deals between multinational corporations and nations.

Individuals and professionals from different occupations are engaged in multidimensional activities—including businesspeople, engineers, scientists, and people involved in humanitarian aid. With all the positive possibilities this engenders, it also creates the chance for misunderstandings between people and organizations owing to differences in negotiation behaviors that are rooted in gaps between national cultures (Cohen, 1997; Faure, 1999). Global business managers spend most of their time negotiating transactions of diverse natures and types (Adler, 1997), and international negotiation is considered one the most challenging tasks in the field of business management (Gilsdorf, 1997). Learning about the importance of globalization and the uses and benefits of negotiation will present enormous opportunities for business organizations to grow and for nations to build harmonious and peaceful environments for their citizens. Conversely, the consequences of negotiation failures could be devastating for parties dealing with significant business deals and for countries resolving significant conflicts (Tung, 1982, 1988).

Globalization and globalization forces such as global business standards (e.g., quality, price, services, customer attention, and other legal standards) have made cross-border transactions and relations easier than ever before. Cross-border transactions include international sales and purchases, and organizational ties include strategic partnerships such as joint ventures, mergers, acquisitions, licensing, franchising, and equity participation, to name but a few. Cross-border transactions require, in addition to an understanding of the various technical and administrative issues of tariffs and nontariff barriers, adequate knowledge of socio-cultural impediments. Professional and bureaucratic hurdles in international trade can be reduced through negotiating free trade agreements; however, socio-cultural barriers are not easily negotiated. Learning about global socio-cultural dynamics, and recognizing and appreciating the differences inherent in a multinational negotiation context, can help to do business successfully. We suggest that negotiators who are narrow-minded, lack global understanding, and possess negotiating skills that are rigid, self-focused, and egocentric will not have much success in international business. Negotiators must build skills which are globally applicable and develop values which have local approval but at the same are respected internationally. Negotiators are managers and leaders. They must know not only about the items they sell and buy but also about the industrial dynamic and basis for competition across markets and nations. Global vision, broader perspectives, out-of-the-box thinking, and critical thinking are some of the essential attributes one needs to succeed as a worldwide negotiator.

Stakeholders' Diversity and Negotiation

Stakes in negotiation are always high, not only for direct stakeholders but also for indirect stakeholders. Direct stakeholders include the parties at the table—the seller and buyer, or the partners negotiating strategic alliances. Direct stakeholders also include investors in the company, employees, and managers working in the company. On the other hand, indirect stakeholders involve the community, related organizations, and other industry actors such as supporting organizations, strategic business partners, and industry competitors. All these stakeholders influence both the process and outcome of a negotiation. Negotiators are thus required to research those stakeholders who are primary and secondary to the issues on the table for negotiation and duly consider their concerns and interests. An inclusive and integrative approach to negotiating a deal is more effective and desirable for achieving long-term relationships and alliances than merely pushing for an exclusive and distributive approach while ignoring significant beneficiaries of the outcomes of negotiated agreements.

Information and Communication Technology and Negotiation

Information and communication technologies (ICTs) have energized both local and global business operations and services. ICTs provide access to information and information services, immediately and globally. Managers can communicate globally with their subsidiaries, collaborators, clients, and distributors. They can disseminate and collect information they need with speed and at the volume they need. Similarly, ICTs provide unique opportunities and challenges for managers as negotiators (Weiss, 2006). Learning how to work with ICT-related technologies is a challenge for negotiators. Technology can be helpful, speedy, and cost-effective but at the same time could be technically complicated and expensive, as changes in technology are persistent and occasionally drastic.

Individuals and organizations have built far-reaching capabilities for gathering information, connecting, and communicating (Weiss, 2006). However, the rapid use of ICTs for communication and information-sharing purposes has created difficulties regarding finding out reliable information, trusting the information that is received, and protecting information privacy. Other challenging areas concerning the use of ICT-based negotiation such as the use of email, Facebook, or videoconferencing for negotiation purposes involve the lack of business protocols, proper use of work procedures, absence of social contact, and lack of homogenized technological systems and standards across countries (Nadler, 2001; Nadler, Thompson, & van Boven, 2003; van Boven & Thomson, 2003). Therefore, negotiators in the contemporary world of business and industrial settings ought to prepare themselves to meet increasing global negotiation standards and etiquette and learn about technological advances and their uses in negotiation.

Global Management Competencies and Negotiation

One of the competencies required of twenty-first-century leaders is having the knowledge and ability to successfully negotiate international business relations. Successful negotiations require successful negotiators, and successful negotiators possess the following key attributes (Cohen, 1997; Rubin, 2002):

1. Knowledge of global affairs
2. Cross-cultural intelligence
3. Flexibility and open-mindedness
4. Cross-cultural communication skills
5. Business expertise
6. Empathy
7. Persistence and patience

Successful negotiators convert conflict situations into friendly and collaborative arrangements. Negotiating competency is an essential managerial skill in the contemporary industrial world. Business today involves multidimensional dealings and transactions forming a network of diverse social and business activities and functions. With that in mind, negotiators will need to interact with partners and competitors from different cultural backgrounds and with different objectives and interests (Khakhara & Ahmed, 2017). Therefore, negotiators who are involved in international business must possess additional skills, both technical (business-related) and social (socio-cultural, communication, decision-making) (Limaye & Victor, 1995).

Owing to the complex and dynamic professional atmosphere, negotiators must cope with a variety of forces, which are internal and external to the organizations they represent. External variables include national, international, and industrial factors, encompassing a range of issues such as legal, political risks, financial, economic, and changes in competing forces (Tinsley et al., 1999; Tung, 1991). Internal factors have to do with organizational factors (inside the company) including negotiation styles of managers, approaches to decision-making, corporate culture, work methods, flow of information, and planning systems. These factors can have a fundamental impact on the way negotiations are conducted and the outcomes that are achieved (Salacuse, 1998, 1999; Snavely, Miassoedov, & McNeilly, 1998). Individual attributes of a negotiator include academic background, experience, gender, negotiation skills, self-confidence, and personality (attitudes, perception, values, and behavior), and these variables can have an influential role in both the process and outcome of any negotiation (Cohen, 2002). A competent negotiator is one who:

1. Understands the presence of these different forces
2. Knows how to plan and handle changes
3. Converts business risks into opportunities
4. Makes friends out of business adversaries
5. Is forward-looking and holds a broad-based view of the world

Leaders are good negotiators, and negotiators are strong leaders. Leaders are always forward-looking and visionary. They enjoy networking. They possess the know-how required to resolve conflicts, and are generally people oriented. They have peaceful personalities and hold transformational attributes. Leaders lead people by example, showing cooperative behavior and demonstrating positive attitudes; their actions match their words. Leaders are socially responsible and honor the norms and values established in their industry and society. They are law-abiding and accomplished moral standard-bearers. Of course, they are also smart purchasers and vendors, intimately familiar with the products they buy or sell.

Business Social Responsibility and Negotiation

The terms business social responsibility (BSR) and corporate sustainability (CS) are often used interchangeably in both academia and industry. CS involves sustainable development, stakeholder theory, and corporate accountability theory. BSR signifies that to build, grow, and sustain any business organization in the long run, a firm must consider the interests, objectives, and needs of its various stakeholders. These stakeholders include ecology, community, employees, customers, managers, investors, distributors, partners, and all other entities, individuals, groups of individuals, and organizations that have direct or indirect interests in the establishment and growth of the firm. A socially responsible negotiator is one who will consider the interests and objectives (even if these are conflicting) of these stakeholders when negotiating business deals. We suggest that negotiators should be social activists as well, demonstrating care for the environment by seeking to achieve a green and sustainable agreement.

"The negotiation is a communication process that aims [for] the peaceful resolution of tensions, grievances, differences of opinion or harmonization of different interests. The negotiation aims to bring balance, stability, sustainability for the organization and it can be used as a tool by which the organization can cope with change. The negotiation can be used in solving all kinds of conflicts that threat[en] one of the three pillars of sustainability: environmental sustainability, economic sustainability and socio-cultural sustainability" (Eftimie, Moldovan, & Matei, 2012).

Global Communication and Negotiation

Successful negotiators are effective communicators, messengers, and interpreters. The world has been transformed into a mini global village system through the forces of transnationalization. Notably, the power of social media has increased social interconnectivity at an unprecedented speed and scope. People-to-people contact has grown tremendously during the past few years. Business organizations and social institutions are expanding overseas like never before. Luxury travelers, investment adventurers, professional flyers, and many others have made the globe a people hub. The people hub poses opportunities to progress and prosper together, but at the same time brings with it enormous challenges of communication. Learning and understanding foreign languages or at least learning about the communication protocols and etiquette of other cultures is becoming an essential asset for global negotiators. Global negotiators must understand the role of verbal and nonverbal communication in intercultural negotiations.

Global Diplomacy and Negotiation

International diplomacy, foreign relations, public relations, and relations with business stakeholders are built through smart negotiations. Diplomats are sharp negotiators, and negotiators should be good diplomats as well. Diplomacy is about building, preserving, and promoting relationships in both friendly and adverse conditions, in both conflict and peaceful situations. Diplomats are involved in leading and solving complex human problems that range from trade, war, and economics, to culture, environment, and human rights (Mar, 2013). The diplomatic toolbox can be applied to everyday business negotiation, for example (Mar, 2013):

1. shuttle diplomacy—exchanging facilitators, representatives, and advocates to open channels of communication with counterparts, building a trust-filled environment, establishing an agenda, and organizing the negotiation event;
2. super-rationality—negotiators looking for options and alternatives to all problems and for everyone;
3. objective criteria—using standards as the basis for solutions acceptable and beneficial for the parties. Use of these criteria will lead to achievable and viable outcomes for the parties;
4. diplomats are cooperative in general, but when provoked, they may escalate quickly and respond with equally powerful force. They are also instrumental in promoting reconciliation and harmony;
5. diplomats as negotiators build bridges between parties. They avoid escalating conflicts and tend to be extra polite even if they do not agree with you; and
6. diplomats care about the honor and dignity of their counterpart.

While negotiation and diplomacy are two different disciplines and knowledge areas, they are both means to resolve interstate problems and negotiate international organizational business deals.

Entrepreneurship and Negotiation

Entrepreneurs are negotiators, and negotiators are entrepreneurs. Negotiation is vital for entrepreneurship (Bazerman & Neale, 1994) and entrepreneurs: "When founding, running, and growing a venture, entrepreneurs constantly need to negotiate. They are obliged to settle agreements with various stakeholders to acquire human and financial resources. The way they act and communicate determines their outcomes, making negotiation skills inevitable for entrepreneurial success. How entrepreneurs succeed in negotiations is thus important for entrepreneurship education and theory" (Artinger, Vulkan, & Shem-Tov, 2014).

Entrepreneurs are innovative, creative, and proactive, and they search for solutions to problems. They are as happy to learn from failure as they are to learn from success. They know how to convert raw ideas into tangible and saleable products and services. They can leap over hurdles and are ready to suffer. They will keep trying until they get their desired result. An entrepreneur's job includes resolving conflicts, searching for resources, building networks, and communicating ideas and grievances; therefore, it requires stamina, character, ability, and courage. Negotiation and entrepreneurship, through different fields of knowledge, are clearly intertwined. Entrepreneurs need to be skilled and smart negotiators, and negotiators should possess an entrepreneurial mind-set; this will support their ability to achieve interest-based negotiated settlements in business and social transactions.

Future Direction

Increased globalization will demand more collaboration in all fields, and the role and importance of negotiation will become key to forging business alliances and building long-term partnerships (Witzel, 2006). In such a mobile environment, the use of the "collaborate and win" (Porter, 1990) strategy to negotiate could be more accessible, cheaper, and durable than winning through competition which might be risky, expensive, and short term.

The future is not here yet. However, thoughtful analyses foresee a speedy growth of new emerging markets in Asia, Central Asia, Latin America, and Africa. Business organizations are vigilant regarding each of these emerging developments and must be prepared to take advantage of them. These trends and tendencies will demand managerial skills in areas such as cross-cultural communication, international negotiations, technology management, and diverse workforce leadership. Primarily, the scope of training programs in international negotiations will be expanded to include other complementary and supplementary themes, for example:

1. The role of psychology in bargaining
2. Managing emotions and feelings in negotiation
3. Negotiator's behavior analysis
4. Technology-based negotiations
5. Promoting interest-based negotiations (Fisher & Ury, 1981)
6. Domestic versus global business negotiations
7. Socially responsible business negotiations
8. Multicultural and multidimensional negotiations

In summary, business firms' operations not only trade goods and services, but are also the medium for exchanges of interests, experiences, practices, philosophies, and relations among multiple players and actors. They are not only concerned with the local needs of the country in which they operate; they are also concerned about the demands and needs arising in markets and regions beyond their countries of origin. In fact, the business firm's playground has become complex and multifaceted. Negotiators, as business leaders in the field, must possess competencies needed to develop business negotiation intelligence at par with global standards, which go beyond the knowledge and experience of simple purchase-and-sales negotiations. Global business negotiation intelligence, as a competency, serves the idea that negotiation means communicating human problems, deciding about human conflicts, promoting human interests, and satisfying human needs through products and services. All these ideas and realities should happen under the broader goal of preserving harmony, peace, and prosperity for all.

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Part II

Negotiation Across Cultures: Theoretical Understanding

2

Understanding the Scope and Importance of Negotiation

Mohammad Ayub Khan and Giovanni Maria Baldini

Introduction

Negotiation is one of the most effective ways to solve human problems involving interest conflicts, diversity of needs, and demand divergence. One can argue that negotiation is the only best mechanism for addressing issues and conflicts facing humanity in today's world of immense materialism, consumerism, and value divergence and in societies where the widening gap between the haves and the have-nots is constantly becoming more and more significant. In building business relationships and international alliances, and to make our world a more prosperous and harmonious place for all of us, the role of negotiation (dialogue, communication) must be given spotlight and appreciation. Negotiation is a broad subject with a language of its own; it is a separate discipline, and it is an art and science. It is a means to an end under circumstances where human interests and power are at odds with each other. Moreover, the language of negotiation is multidisciplinary and multicultural. A business manager while negotiating any issue, transaction, relationship, or conflict must sufficiently understand the necessary protocols, rituals, and customs embedded in the language and practices of negotiation across cultures.

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No matter which professional activities you engage in in your daily life, learning about the art and science of negotiation will be useful for your success and growth. The human history is filled with examples illustrating the extent to which negotiation has always been present in human life, even if different names were used to describe the process. Differences associated with commercial transactions and conflict in interpersonal interactions have always been resolved in a harmonious and friendly manner through negotiation.

The Concept and Scope

First, let us define the term "negotiation". The term "negotiation" means discussion, bargaining, give and take, interaction, and dialogue. Furthermore, negotiation is a process where two or more parties with differences in opinions, interests, and objectives come together and try to reach an agreement through exploring options which are mutually acceptable and beneficial for them (Cellich & Jain, 2004). The term "negotiation" also refers to the process and system through which two or more parties, who are in a conflict situation over specific expected and unexpected outcomes, attempt to reach agreement through face-to-face dialogue. Negotiation is the constructive and positive alternative to haggling or arguing (including "formal argument" in the forms of adjudication and arbitration), and it aims at building an environment for mutually acceptable agreement rather than searching for winning a battle (Pillutla & Nicholson, 2004). Other researchers in the field of negotiation define negotiation as an attempt by parties involved in the conflict to achieve a mutually acceptable outcome by clarifying and discussing issues; establishing the areas of controversy; clarifying positions taken and options for agreements; discovering and confirming areas of contracts; and explaining the terms of agreements and duties of the parties (Hartzell, 2006). Negotiation involves individuals, groups, organizations, and nations talking to each other directly (direct negotiation) or through intermediaries (mediated negotiation) to find solutions to conflicting issues, to deal with transactions of mutual interests, or to address other human problems of diverse nature and scope (Kellecher & Wein, 2006).

In summary, negotiation is a dialogue, discussion, communication, and interaction between or among parties to the dispute or to any business transactions or social relationships. Negotiation scholars have noted how challenging it is to precisely define negotiation, yet all tend to agree that its principles encompass a very wide spectrum of human interactions (see Schneider, Ebner, Matz, & Lande, 2017).

Table 2.1 Some basic questions and answers about negotiation

Questions	Answers	Observations
Who negotiates?	Everybody negotiates	Negotiation involves not only buyers and sellers, suppliers and producers, or producers and distributors. Kids, parents, students, teachers, politicians, and religious leaders also negotiate
Why negotiate?	To come together, as partners and friends, or even as competitors, discuss our different issues, and find common ground and agreements mutually beneficial and acceptable for the parties	Such agreements and solutions, if found through successful negotiations, can be long term and sustainable
Where to negotiate?	Wherever it is feasible, and negotiation takes place everywhere	Negotiation takes place at home, at school, at the office, in parks, while walking, and during play. Of course, decisions about the location of negotiation is made based on the formality, issue under negotiation, and convenience for the parties
When to negotiate?	Any time there is a dispute, conflict, misunderstanding, or a business transaction to deal with	In addition, negotiation is and can be used to build new relationships, business transactions, and partnerships
What to negotiate about?	Any thing, activity, issue, or event is negotiable	In life, any issue, activity, problem, situation, or transaction is negotiable. Negotiation is not only about selling and about buying products; it is about solving human problems and building networks and communities

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In essence, negotiation occurs when parties come together at the table, face to face or virtually (in case of computer- or internet-based negotiation), discuss their diverging interest and objectives, identify common grounds, and propose solutions or ways to bridge their differences. Table 2.1 demonstrates how commonly and frequently negotiation is used in our daily lives.

Phases in Negotiation

Conducting negotiation in phases and sequences can facilitate positive outcomes in a productive and time-efficient way. Different writers on this subject describe different stages of negotiation and name them differently. However, generally speaking, most authors refer to the following phases:

Planning phase: This phase is also called as the preparation stage where pre-negotiation, intra-party negotiation, information collection, self-analysis, other party analysis, contextual research, historical understanding, and identification of future directions occur. Preparation might include practice for the negotiation, including rehearsal and short training courses for the negotiating team, helping negotiators to understand the full range of dynamics, and implications associated with the upcoming negotiation process. In this stage, issues for negotiation are identified, evaluated, and categorized based on the importance and urgency of each of those issues. Consulting a negotiation mentor or advisor is helpful at this stage. Pre-negotiation and intra-negotiation activities may also happen at this stage of the negotiation process.

Pre-negotiation phase: During this phase, parties jointly plan the upcoming negotiation event. Some negotiators consider the pre-negotiation phase as an essential step for preparing well for an upcoming formal negotiation event. It is advisable for all negotiators to take advantage of such opportunities, before entering a structured negotiation process. The pre-negotiation phase allows parties to share information and ideas concerning several vital components of the future formal negotiation. For example, parties will have the opportunity to get to know each other, build some confidence in the upcoming process, share information about the potential negotiable issues, decide about the negotiation process' flow, and learn about the background of individual negotiators who will be on the negotiating team. Negotiators can decide about the geographic location where negotiation is going take place, they establish a timetable and exchange contact information.

Negotiation phase: In this phase, negotiating parties actually come to the negotiation table and begin interacting, identifying issues, framing differences in interests and objectives regarding those issues, and proposing options for solutions to address those differences. An intense bargaining atmosphere can be encountered at this stage. Parties rarely come forward and openly share their concerns and opinions. Instead, they first exchange arguments and counter-arguments supporting their demands and offers. Negotiators become actively engaged in exploring the bottom line and search for common ground, which is also known as the zone of acceptance (ZOA). In essence, this phase of negotiation is called the interaction phase and is a crucial one in any negotiation event.

Contract-signing phase: After the interaction phase, when parties have already settled on issues they agree and disagree upon, parties usually sit down together, flanked by their legal experts and counselors, to write down in detail the areas of agreement and disagreement areas. Once details are outlined, parties review them to make sure that there are no omissions in the document.

Parties then sign documents, and the record thus becomes a contractual agreement between the parties. The contract document should outline all relevant details including deadlines, obligations, and duties of the parties and the consequences of dishonoring the contractual obligations and responsibilities. Parties may include in the document the need for renegotiation in future and the timeline for that to happen and any other conditions necessary for upholding the agreement.

Implementation and follow-up phase: Once parties sign the contract, they immediately start working on the implementation of the agreements. Generally, parties involved in the contractual arrangements form committees and a task force to ensure full implementation of the deals on both sides, provide the required support to the implementation process, and, if necessary, take corrective measures in a timely manner. Information sharing and communication between the parties is essential in this process. Parties must honor the commitments and promises they have made, and allocate all the resources necessary to carry out the implementation process successfully and on time.

Evaluation and feedback phase: In this phase of the negotiation process, negotiating parties have the option to look back at the overall negotiation process and its outcome, and consider their performance, searching for areas to improve in future negotiations. Parties at the negotiation table can and should do such types of exercises separately or conjointly to improve their negotiating skills, thus making future negotiation events even more productive, confident, and efficient. This is, of course, an optional exercise; however, it is considered as an essential element of a successful negotiation management model.

Renegotiation phase: Many negotiated agreements have expiration dates. When one approaches, parties have the opportunity to renegotiate the terms of a partnership, especially if there is a need for its continuation. Furthermore, since changes in business contexts and conditions have changed over time, parties have the options at this point to review various attributes of their previous agreements, and if they want to modify or adjust something in the contract, they can do so through renegotiation.

Research and innovation phase: Negotiation, like any other management or organizational activity and function, such as planning and performance evaluation, has its own life cycle. Negotiations start from somewhere, end somewhere, and restart anew. Also, given the fact that organizations and managers always seek out opportunities to expand and to find new business activities and partners, negotiation will always be a go-to process in the context of business and organizations as well as in the arena of social and professional activities.

Levels of Negotiation

At what level does, or should, a negotiation take place? This is a frequently asked question, and the answer is simple. Negotiations may occur at any level, as shown below (Lewicki & Hiam, 2006).

Intra-personal level: This refers to a negotiation in which a negotiator negotiates with himself or herself before engaging with the counterpart. This is often connoted with self-reflection, self-analysis, and agreement or disagreement with one's self. Often, an intra-negotiation provides a foundation for negotiation with the other party or parties. Internal consensus or inner satisfaction is an essential criterion for the success of a negotiator and negotiation.

Interpersonal level: This occurs when such negotiations may involve highly complex business transactions or differences in interpersonal relationships.

Intergroup level: Intergroup negotiations involve two groups with divergent needs, interests, and demands negotiating with each other. Intergroup negotiation may happen between different interest groups, who may or may not belong to any unified, organized group or association. Labor union leaders negotiating with a management team is an example of an intergroup negotiation. Other examples of conflicts or situations where intergroup negotiations can potentially take place include student unions versus university management, civil disobedience, communal conflicts, and so on. Intergroup negotiations are difficult to conduct successfully as both parties need to have strong organization, common interests, and dynamic leadership. Lacking these factors, intergroup negotiation may result in hostile and complicated situations for the negotiation and negotiators.

Inter-organizational level: This occurs when two established organizations need or desire to negotiate a business transaction, their relationship, or a conflict. European Airbus Industries' negotiation with US company Boeing to resolve their disputes over the direct and indirect subsidies they receive from their respective governments is a good example of direct negotiation at an inter-organizational level. Theories suggest that in inter-organizational negotiations, parties to the dispute tend to be organized, have common ground and good incentives for resolving the conflict, have clear leadership, and work with clearly defined objectives in place.

International level: This occurs when parties negotiating a business transaction or a conflict belong to two different countries. When negotiations take place at a global scale, various forces such as differences in cultural systems, the involvement of international institutions, and discrepancies in industrial rules and regulations come to play in negotiation. Therefore, international negotiations are complicated and time-consuming and demand a profound understanding of different global issues in addition to knowledge of the basics of business transactions and local conditions.

Multi-party multinational level: This is the most complex and challenging negotiation levels, encompassing transnational and multiple parties at the negotiation table, for example, negotiating multi-lateral trade issues at the World Trade Organization (WTO), renegotiation of North American Free Trade Agreement (NAFTA), and negotiating conflicts like the ones in Syria, Yemen, and Afghanistan at the United Nations Organization (UNO). The existence of multiple interests, diverse objectives, and differences in negotiation strategies and styles of the parties compounds the complexity and ambiguity of the negotiation process for negotiators. Power plays, lobbying, bullying, and coercive behaviors are some of the most frequently used negotiation techniques in such negotiations. Parties to such conflicts or transactions, individually, have neither control over the process nor the outcomes.

Distributive Versus Integrative Negotiation

Broadly speaking, the negotiation literature relates to two overall approaches to negotiation. One type of negotiator is distributive. These negotiators tend to be competitive, assertive, and tend to take positions. They will always try to win at the expense of their counterpart, viewing the overall negotiation process as a competitive game and environment. They are rigid and have a limited mind-set. For these negotiators, resources are limited, and negotiation is about winning the interaction or losing to the other party. They think that negotiation is about protecting their own self-interest and that the outcome of a negotiation is temporary and zero-sum (Fisher & Ury, 1991). Moreover, distributive negotiators tend to be hostile and demonstrate a plausible non-cooperative behavior at the negotiating table.

The other type of negotiator is integrative. These negotiators are cooperative and supportive of the other throughout the negotiation process. They prefer to search for long-term relationships and positive outcomes for all parties sitting around the negotiation table. Additionally, they will try to expand the benefits of a negotiated agreement and therefore, will look for all possible options and solutions. These negotiators will not hesitate to understand the demands and respect the interests of their counterpart. Overall, such negotiators will always show a positive attitude and are future-oriented (Tutzauer, 2015).

Negotiation Myths

Thompson (1998) and other writers in the field (Thompson & DeHarpport, 1994; Thompson, Loewenstein, & Gentner, 2000) have identified several common myths found in both theory and practice.

Good negotiators are born: Some negotiating skills are innate, yet at the same time, successful negotiators are self-made; they have developed these skills by preparing themselves through participation in courses, workshops, and conferences. Good negotiators require both practice and experience in addition to any inherited attributes.

Experience is a great teacher: Experience can make a big difference. One gains experience over the years by practicing negotiation and participating in negotiation events. Negotiation competencies (knowledge, ability, values, and attitude) improve with time if negotiators remain active in the field. However, to become a successful negotiator experience alone is not sufficient. Experience combined with refresher programs and skill development activities is essential for building personal self-confidence and effectiveness at the negotiating table.

Good negotiators take many risks: Negotiations involve decision-making which involves risk factors in both the short term and the long term. Risk factors include social, financial, and business elements, individually or combined or all of them. Well-grounded preparation for a negotiation event may alleviate some of the potential risks associated with negotiation outcomes. Therefore, negotiators must do their homework by calculating costs and benefits of alternative results and design contingency plans to have a backup option in place in case of any adverse consequence.

Good negotiators rely on intuition: Relying on intuition is an essential attribute in negotiations. However, intuition alone may not be helpful in reaching agreements, which are mutually acceptable and beneficial for the parties. Negotiators should be fact-based and prepare well in advance by collecting data, information, and facts for any negotiation. Information about the past, present, and future are and should be equally important to them too. Ideas and idealism are important on the one hand, but on the other, pragmatism and realism are the cornerstones of a negotiator's success.

Negotiation is always about winning and losing: This is not always the case; while such situations might exist, this depends on particular circumstances facing the parties in negotiations. It may be that some negotiators are more inclined, culturally speaking, to view negotiation in this way. For instances, it is possible that some negotiators, because of their backgrounds, nationalities, and styles, approach negotiation only focusing on the transaction—selling and buying—and self-benefits. Nevertheless, it is the win-win outcome approach, which both in theory and practice dominates the negotiation world. In essence, all negotiators come to the table to gain something out of negotiations and not to lose and appease others. With that in mind, the assumption is that gains and victories are only possible when there is a collaborative atmosphere at the negotiation table.

Negotiations are always formal: This is not always the case; depending on the type, seriousness, and complexity of the issue to address through negotiation, negotiation events can be formal or informal. Context affects this, as does the level of negotiations (as discussed above). The parties' cultural backgrounds is also an influential factor in determining the level of formality. Formalities include the official invitation for negotiation, formal acceptance of the invitation, establishing the agenda, deciding the location of negotiation, and other socio-technical protocols and procedures to follow. Formalities also include the way people approach each other to shake hands, greet each other, exchange gifts, dress, and address each other (by their first names or surnames or their titles, etc.).

Good negotiators are tough, intimidating: Negotiators can be tough and assertive and thus be intimidating on occasions. In negotiation, all these behaviors and attitudes are subject to the conditions and context surrounding the negotiators. With that said, good negotiators are productive, constructive, and focused on strategies and results. They will try to expand the pie for all parties and create opportunities for all to win. They are cooperative, positive, and synergistic. Good negotiators are not slow, sleepy, or egocentric. They can be tough based on principles without intimidating the other party.

Critical Elements in Negotiation

Negotiations can be cumbersome and complicated. Talks may not always produce the desired results. Having said that, if we understand and mindfully attend to three crucial elements in negotiations (Cohen, 1997), they can become dynamic and result-oriented events. Table 2.2 depicts these three elements with their corresponding descriptions (Cohen, 1997).

Table 2.2 Crucial elements of negotiation

Element	Description
Information	Information is key to success in negotiations. The more informed you are about yourself and about the other party or parties involved in negotiation the more bargaining power you can have. Information about the backgrounds of the parties, about the issues under negotiation, and about the interests and objectives of the parties is critically important
Time	Time is money, and it can be invested and wasted. Deadlines, agendas, and delivery of commitments are organized around a time factor. Understanding the notion of time across cultures can be a source of competitive advantage in a multicultural setting. Some negotiators may use time-related techniques such as delays and deadlines to put pressure on their opposition
Power	Having more, less, or equal power can be another source of competitive advantage or disadvantage in negotiation. Power is the ability to influence the negotiation process and outcome one way or the other. Critical sources of power in negotiations include information, financial resources, experience, networks, the size of the company you represent, your needs, and your interests

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Negotiation Strategies

Table 2.3 briefly explains the strategies available to negotiators and the potential outcomes of using each of them (Kilmann & Thomas, 1975; Thomas & Kilmann, 1976). The table also exemplifies particular situations in which the application of a specific approach could be more or less practical.

Competitive strategy: When you use a competitive approach to negotiation, you tend to be assertive, demanding, and threatening. You will try your best to subdue and overpower the other side to accept your proposals and demands. You seek to win even when this entails cost to the other party.

Collaborative strategy: Using a collaborative approach to negotiate, you will invest all your efforts in exploring options with your counterparts, seeking common ground and shared interests. You aim to end the negotiation process with win-win results.

Compromise strategy: Using a compromising strategy to negotiate a deal, you tend to give up easily on your initial demands and accept some of the demands of your counterpart. The outcome of negotiation in such cases is a compromise solution, in which both parties will lose, compared to what they hoped to achieve in the process. The use of such a strategy in bargaining could be cultural or intentional and is intended to alleviate some issue the negotiator is facing (e.g., financial weakness, lack of time, an urgency to resolve the issue, a need to prevent the conflict from escalating). The outcome of a

Table 2.3 Negotiation strategy, outcomes, and situations

Strategy	Outcomes	Which strategy is most effective and in which situation?
Competitive	Win/lose	You use such approaches when you are right and have enough time and resources
Collaborative	Win/win	When both parties are equally compelling, need each other, and/or when the long-term relationship is the purpose of negotiation
Compromising	Lose/lose	When both parties are in a hurry to solve the problem, seek to avoid conflict escalation, are equally powerful or weak, have limited resources, and/or have weakly compelling justifications for their demands
Appeasing/ accommodation	Lose/win	When you have no justification for your requests, you need the help of the other party, competing with others can be costly, and/or when a quick end to the issue is needed
Avoiding	Standstill	When you feel that avoiding conflict is better than getting involved in the dispute, need to save face, lack resources, and/or are concerned that the other party is powerful than you

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compromise strategy is often a temporary one since parties give up something that is important to them in the negotiation; this may not be satisfying for them in the long term, and they will seek to regain what they have conceded.

Appeasing strategy: Using an appeasing approach to negotiate, you accommodate the demands and needs of your counterpart, and you do not expect the same courtesy from your opponent in return. The outcome of such a negotiation approach is you losing and the other party gaining. The causes behind the use of this approach could be socio-cultural, transactional, or contextual.

Avoiding strategy: Using an appeasing approach, you will try to avoid the negotiation at all, or at least avoid discussing issues which are conflicting or that may add to the tension already faced by the parties, This approach is commonly used in cultures in which conflict is considered dysfunctional, and therefore, one must avoid creating or prolonging conflict situations.

Negotiating Styles

Individuals and nations have their own negotiating styles. Negotiation styles may also vary based on gender differences. Male negotiators are different from female negotiators when comparing their negotiating techniques. Similarly, negotiating styles of managers working for private organizations (e.g., owned by private owners) may differ from those of managers who work for public sector organizations (e.g., state-owned organizations). Learning about different negotiating styles and preparing guidelines for negotiating successfully with negotiators possessing different negotiating styles are essential components of negotiation preparation. This section briefly explains different negotiating styles that are highlighted in the negotiation literature.

Private Versus Public Sector Organizations' Negotiating Styles

Negotiators from private organizations tend to be more collaborative and look for long-term relationships. Negotiation processes with them are, therefore, faster, less expensive, and more open in comparison with negotiation process and etiquette followed by the negotiators negotiating on behalf of public sector organizations. Factors like huge bureaucracy, political interests, and overly internalized administrative system may hinder the negotiation process' swift flow.

Individual Negotiating Style

Regardless of our background, education, or nationality, we each possess our own unique negotiating style. All of us have one dominant negotiating style, followed by second, third, and fourth prominent styles. According to Moran and Stripp (1991), there are four basic individual negotiating styles (as shown in Table 2.4, with their corresponding assumptions and keywords). A vital learning point here is that while preparing for a negotiation, negotiators should first diagnose their own negotiating styles and then learn about their counterpart's style. This could be helpful in designing useful guidelines for negotiating successfully with negotiators who possess negotiating styles different from yours.

Regional Negotiating Styles

Researchers find that negotiating styles may vary across regions as well. For example, negotiators from North America will approach negotiation differently than negotiators from South America. Overall, the North American approach is strategic and technical while the South Americans tend to be more synergistic and social. Table 2.5 explains some of the critical differences between these two regions (Moran & Harris, 1992; Moran & Stripp, 1991). Similar contrasts can be found when comparing negotiators from Asia with negotiators from Europe and so on.

Table 2.4 Individual negotiating styles and related attributes

Style	Characteristics
Normative	These tend to be more social people. They assess facts according to their values/beliefs Proposing incentives and rewards; social understanding and friendship; feelings and emotions Using status, power, and threats Judging and looking for compromise
Analytical	These people analyze things in detail. They frequently ask questions Developing reasons Drawing conclusions Directing and organizing Cost and benefit analysis Observing
Intuitive	These people imagine how things will end and intuitively anticipate dynamics Focus on the entire situation Future oriented Changing topics Going beyond facts
Factual	These people rely on data, facts and statistics Reading, knowing, and sharing facts Relating facts to experience Documenting statements (they take notes and write down almost everything they say and hear)

Adapted from Moran and Stripp (1991)

Table 2.5 South versus North American regions negotiating differences

South America	North America
• Emotional sensitivity is high • Boss makes the final call and decisions • Face-saving, honor, and dignity are essential even at the cost of profit • Documentation is an obstacle to understanding the big picture • Spontaneous and impulsive decision-makers • People and problems are the same • What is good for people is the primary focus and earning profit is a secondary consideration	• Emotional sensitivity is low • Decisions are generally consensual and group based • When making decisions, they conduct cost and benefit analysis • Documentation in negotiation is vital • Process-oriented decision-makers • Conflict of interest is acceptable • Profit is a fundamental motive behind negotiation

Adapted from Moran and Stripp (1991)

National Negotiating Styles

Cultural systems and attributes encompassing language, religion, attitudes, values, traditions, legal aspects, social organization, and time orientation vary from country to country. Hofstede (1980, 1984) and other researchers (i.e., Javidan & House, 2001) in the fields of national and organizational cultures

Table 2.6 National negotiation styles

Variables	Description	USA	Mexico
The basic concept of negotiation	Strategist vs. synergist	Strategic	Synergist
Selector of negotiators	Technical vs. social	Technical	Social
Role of individuals	Self vs. organizational	Self	Organizational
Concerns with protocol	Formal vs. informal	Informal	Formal
Importance of type of issue	Long term vs. short term	Short term	Long term
Complexity of language	High vs. low complex	Low Context	High Context
Nature of argument	Feelings vs. facts	Facts	Feelings
Value of time	Poly-chronic vs. monochronic	Monochronic	Poly-chronic
Basis of trust	Law vs. friendship	Law	Friendship
Risk-taking propensity	Low- vs. high-risk takers	High-risk taker	Low-risk takers
Decision-making system	Centralized vs. decentralized	Decentralized	Centralized
A form of satisfactory agreement	Explicit vs. implicit	Explicit	Implicit

Adapted from Morris and Pavett (1992), Morrison (2006)

have written at length on the role of differences in national cultures in influencing the way we manage our organizations, the way we perform our tasks as leaders, and the way we behave in the workplace. Furthermore, the research of Moran, Harris, and Moran (2010) explores business-management cultures and uncovers how business negotiators approach negotiation differently in different contexts. To illustrate how negotiation approaches vary from country to country, see Table 2.6. This analysis covers the 12 negotiating variables proposed by Moran and Stripp (1991) and indicates the different methods used by negotiators from two neighboring countries, the USA and Mexico (Kras, 1989, 1994). It is worth mentioning here that these two countries share around 80% of international trade and investment between them. Nonetheless, they do not share even the tiniest resemblance in socio-cultural aspects. The information provided in the table concerning the countries is based on a review of the existing studies on variations in national cultures, managerial styles, and approaches to negotiation (Morris & Pavett, 1992; Morrison, 2006).

Gender Negotiating Styles

The effect of gender differences (male vs. female) on management and leadership styles has remained a hotly debated issue in both academia and industry. Researchers attribute differences in communication styles, decision-making

Table 2.7 Differences between male and female negotiators

Female negotiator	Male negotiator
• Collaborative	• Competitive
• Synergistic	• Strategic
• Feelings/emotions	• Logics/facts/transactions
• Long-term relationship	• Short-term relationship
• Low-risk takers	• High-risk takers
• Indecisive	• Decisive
• Concerns for others	• Concern for self
• Helping others	• Exploiting others
• Normative/intuitive	• Logics (facts)
• Open minded/flexible	• Rigid/narrow
• Quick to trust	• Take time to build trust
• Tend to be sincere	• Tend to be suspicious

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approaches, and other personality-related characteristics to differences in gender (Bowles & Flynn, 2010). In a classroom-based exercise, involving students who were taking a course on Cross-Cultural Negotiation, several differences were identified in the styles of male versus female negotiators. Table 2.7 lists the differences we discovered between female versus male negotiators.

Negotiation as a Conflict Resolution Model

Negotiation is one of the most effective models of resolving conflicts—in the workplace, as well as business disputed or social conflicts. In any conflict situation (differences and disagreements, divergences of interests, incompatibility of goals, etc.), parties to the conflict have several alternatives they can pursue to manage and resolve the dispute. Depending on the nature, complexity, and scope of the conflict, one or combination of the other options to address it might be more effective than others. It advisable for the parties involved in a dispute to do a cost and benefit analysis of the options available and select the one which is the most effective and appropriate under the circumstances.

One such option is **litigation or adjudication**. In this case, parties will look for help from the court or legal institutions of the country. Lawyers representing parties to the conflict lead the case before the judges of a specified court/judicial system. The judge, upon listening to the parties' lawyers, will deliver judgment about the outcome of the case and this judgment is legally binding upon the parties to the conflict. The court systems and its procedures are predetermined, and judges' decisions are public and unquestionable. Within the court system, parties can appeal to a higher court; however, once decided by the highest judicial body of the country, no further appeal options are available. The court system is rigid, time-consuming, and expensive. It may heighten the degree and intensity of confusion and distrust between the parties and thus, it may break down the relationships even further. Parties to the conflict have no control over either the process or the outcome of the conflict. As a traditional and institutional system, the judiciary is considered a just system, unbiased and legal. Additionally, legal methods and outcomes of such systems are nationally and internationally recognized and enforced.

Arbitration is another option available to parties involved in a dispute. Arbitrators are neutrals, third parties, and experts in resolving conflicts. Essentially, they are private-market judges. They are hired to decide cases and make an award to the party they hold to be right. Compared with the litigation model of conflict resolution, arbitration is less expensive, faster, and private. Moreover, arbitration is applicable to all cases and situations. Notably, compared with the adjudication system, in arbitration, protocols and procedures to follow are more flexible. Parties can design their own procedural rules and applicable standards; however, they usually leave this to the arbitrator. Thus, generally, arbitrators have the control over both the process and the outcomes, and decisions made by an arbitrator are binding upon the parties as well.

Arbitration can be domestic, national, and international. For example, the WTO is an arbitrator, which addresses commercial disputes among its member nations. It is a civilian or private institution, not a judicial or legal authority. It guides international commerce by establishing standards and criteria for conducting fair and transparent business activities across the globe. Member countries empower the WTO to implement these standards or rules to regulate global commerce and to resolve disputes among member nations.

Mediation is another viable alternative for resolving disputes. In mediation, the disputant parties voluntarily invite a third party to help them solve the problem. The mediator is a third party invited by the parties to help them resolve the conflict themselves. This third party should be neutral and an expert in assisting parties to address problems according to their wishes and interests. Mediators should be resourceful, experienced, and knowledgeable. The mediator follows a sequential process while mediating, he or she meets the parties, talks to them, listens to them, and solicits or proposes solutions. The mediator organizes and controls the process; however, he/she has no power or control over the outcome of the negotiation. Parties may reject or accept the proposals and solutions presented by the other party or by the mediator. Therefore, mediators are powerless and can make the conflict even more complicated. They are external to the situation and do not always possess a clear understanding of the history and context of the conflict. Mediation is cheaper, faster, and less rigid compared to litigation and arbitration; however, mediation can be useless, time-consuming, and expensive, if parties do not reach agreement themselves or accept the solution proposed by the mediator.

Direct negotiation is the most effective and less harmful alternative for resolving disputes of all sorts. Direct negotiation happens when conflicting parties come together and directly talk to each other. In essence, it involves conducting direct communication, private dialogue, and frank interactions between the parties to resolve the issue or conflicts they are facing according to their interests and wishes. Direct negotiation does not involve a third party. For negotiations to happen, parties must accept this bilateral approach to resolve the conflict. Otherwise, negotiations will not occur. Negotiators organize the process and are responsible for the outcomes of the negotiation: Agreements or disagreements. Direct negotiations are private, and information confidentiality is high. The process is transparent, self-directed, faster, and cheaper. In direct negotiations, the probability of reaching win-win outcomes is also high. The results of a negotiation will not have the same legal weight before a judicial system or external parties as a court verdict has. Still, it can take the form of a binding contract, enabling enforcement of the outcome.

Critical Questions to Ask in Any Negotiation

To prepare well for negotiation, it is useful to develop a list of essential questions and find out their answers before commencing negotiation. Such questions should include information about the counterpart and the scope and importance of the negotiation for the parties. The literature on negotiation frequently describes the following questions as essential instruments for collecting the necessary information about the negotiators and negotiation itself (Ghauri, 2003; Moran & Stripp, 1991; Wood, 2011).

1. Who are the negotiators? Why were they selected?
2. What do they want for themselves?
3. How will they act and expect others to act?
4. What is most and least critical for them?
5. What will their persuasive strategy be?

6. How do they use time?
7. What makes them trust someone?
8. How do they manage risk?
9. Who makes decisions on the team?
10. How are decisions made?
11. What form of agreement would satisfy them?
12. How do they feel about the other party?
13. Which language/s do they speak?
14. What are their needs, perceptions, and interests?
15. How many negotiators are on the team?

Glossary of Negotiation Techniques and Maneuverings

Negotiation tactics or techniques are those specific actions (attitude and behavior) and reactions demonstrated by negotiators during a negotiation. Maneuvers, on the other hand, relate to the timing and the way negotiators apply a specific tactic during negotiation. Decisions regarding what tactic to use and in which situation are vital for effective negotiation. Table 2.8 lists those tactics and maneuvers found in the negotiation and conflict resolution literature (Graham, Mintu, & Rodgers, 1994; Hazeldine, 2006; Lewicki & Hiam, 2006) to be used frequently by the negotiators.

Table 2.8 Negotiation tactics and maneuverings

• Making promises
• Making threats
• Giving warnings
• Giving commands
• Asking questions
• Delaying
• Listening
• Time use
• Making first offer
• Decision-making system
• Using Yes and No
• False attacks
• Deadlines
• Bribery

Adapted from Lewicki and Hiam (2006), Hazeldine (2006), Graham et al. (1994)

Basic Principles of Positive Negotiations

Positive and collaborative negotiators do not endorse the ideas of bargaining, competing, and winning. In contrast, they conduct negotiations based on fundamental principles and which promote harmony, friendship, and long-term achievements for the parties involved. Fisher and Ury (1981) and Fisher and Ertel (1995) propose four principles as guidelines to conduct successful negotiations. Those four principles are briefly explained in the following paragraphs.

The first principle is separation between problems and people while negotiating a transaction or partnership. The notion of separating the problem from the people and vice versa suggests that as a negotiator, one must focus on solving the problem rather than concentrating on an individual's behavior, personality, or attitudes. Negotiations should be about problem exploration, analyzing the causes of the problem, and subsequently proposing solutions and alternatives to resolve the question on the table. Listening to the other parties, understanding their demands and needs, and recognizing their feelings are about focusing on the issue and at the same time being respectful toward the people who are involved in the negotiation. This principle of negotiation does not suggest to ignore people in talks or to shut them down; instead, it suggests that by helping and involving everybody in the process, conflicts can be resolved with win-win outcomes for all.

The second principle is about focusing on interests rather than focusing only on parties' positions. Interests represent long-term benefits and synergistic attitudes of the parties. Focusing on interests is not just about valuing a specific interest named by a party but involves exploring each others unstated or hidden interests and then, collaboratively working toward satisfying those interests. By contrast, positional negotiations are short-term oriented and involve each negotiator focusing on winning through receiving agreement to their stated position. Techniques such as demanding, warnings, power-use, and delay are commonly used in such types of negotiations.

The third principle relates to the generation of as many options as possible, through identifying several solutions to a problem instead of sticking only one. To generate options, parties conduct research and intra-party and inter-party brainstorming. Information sharing and constant communication between parties are crucial to exercising this principle. It is the responsibility of both sides to look for different options rather than concentrating on one.

The fourth principle emphasizes the use of objective criteria in negotiation. This entails parties at the negotiation table developing objective, achievable, and workable standards for their negotiation. Demanding 100 dollars for a product, which is sold at 50 dollars in the market, is posing subjective preference; pointing at the product's market price is invoking an objective criterion. Negotiators use such types of subjective approaches based on their assumptions that the other party is in need of the product they provide, does not have other suppliers for the same product or raw material, or are in a hurry to buy the product. Recognizing and respecting the needs and interests of the counterpart is fundamental in establishing objective criteria for negotiation.

The Role of Persuasion in Negotiation

Since negotiation is about convincing and persuading the other party to agree to your terms or to process suggestions you make in negotiation, learning about the role of persuasion and strategies to persuade is essential for negotiators. "Persuasion is a symbolic process in which communicators try to convince other people to change their attitudes or behavior regarding an issue through the transmission of a message, in an atmosphere of free choice" (Perloff, 2003). To put it simply, negotiation itself is an act of persuading others to accept solutions. Persuasion strategies are essential in negotiation and for leadership (Conger, 1998). Furthermore, persuasion involves moving people to a position they do not currently hold by using techniques and processes which do not include showing weakness, fabricating fake situations, or by coercion. For effective persuasion, four steps must be followed (Cohen, 2002; Conger, 1998; Wade, 2008).

The ***first step*** is to build credibility and a trustworthy environment for negotiation. Credibility and trust are built over time and require expertise and relationship. Self-awareness, learning about the counterpart, and respecting their feelings and values are critically important to foster a conducive environment for trust and confidence building. Once credibility and trust are established, moving ahead with success in a negotiation process is highly likely. Parties need to be honest, competent, professional, and inspiring (Kouzes & Posner, 2003).

The ***second step*** is identifying common ground for the parties involved in a negotiation. Finding common ground means following procedures, strategies, and goals in a way that match the expectations and interests of the counterpart. More importantly, the outcomes of a persuasion strategy should seem real, authentic, and appealing to the parties in the negotiation.

The ***third step*** in persuading the other party in negotiation is to provide evidence and facts supporting your desired outcome. Promises alone, even backed up by vigorous communication, may not be sufficient to convince the other party, especially in negotiations which involve large socio-economic stakes and interests. Experts suggest that to persuade competing parties, one should deliver facts and explicit information about the issue or transactions under negotiation.

The ***fourth step*** involves emotional intelligence and connecting emotionally with your counterpart. Linking personal feelings and emotions with the emotions and opinions of the counterpart is an authoritative source of persuasion. Some authors have suggested going beyond emotional intelligence into the realm of social intuition. Social intuition involves self-awareness as to one's own cues and patterns, learning about the other's cues and patterns, and the ability to use similarities and differences in these in order to serve as bridging mechanisms for bringing the other around to your point of view (Schneider & Ebner, 2017).

Overall, to persuade the other party in negotiation and to build sufficient confidence to move ahead in a negotiation process, parties should avoid situations of direct confrontation, focus only on business-technical postures, and avoid self-oriented efforts. Balancing power in an unbalanced power situation, kind gestures in a hostile situation, and interest-based approaches to negotiation are prime sources of persuasion, especially in uncertain and unfamiliar negotiation situations.

Ethics and Values in Negotiation

Negotiation is about the distribution of resources and benefits among the parties at the negotiating table. Often, one of the parties or more (in cases of multi-lateral negotiations) are in a weak situation or have less bargaining power than their counterparts have. As discussed earlier in the chapter, that bargaining power is gained through having access to critical resources such as information, technology, suppliers, or money. The size of the counterpart's company is another potential source of high bargaining power. Bargaining power provides negotiators with a competitive advantage when negotiating a deal. In such cases, the role and importance of ethical standards and social values become essential for negotiators, requiring that they learn, understand, and follow a particular code of conduct and social norms for negotiation (Rubin, 1995).

By definition, the term 'ethics' implies an understanding of moral values and criteria allowing one to define what is wrong or right and what is good or bad—all from a human perspective, rather than from a pure business perspective. Negotiation approaches based on ethical standards lead to win-win outcomes, integrative thinking, and synergistic propositions. Ethical negotiators do not exploit weakness and urgency of their counterpart; instead, they focus on understanding the full interests of both sides, cooperating with their counterpart and cementing long-term relationships (Shell, 1991). Ethical negotiators are honest and collaborative. They will not use any of the following negotiation tactics or techniques when negotiating, even in a highly competitive environment:

1. Making threats
2. Showing aggressive behavior
3. Demanding unnecessary and subjective concessions
4. Following a do or die (take-it or leave-it) strategy
5. Developing confusion and misguiding their counterpart
6. False motivation and persuasion
7. False commitments and promises
8. Bad-cop/good-cop technique
9. Using espionage as a technique to collect information from the counterpart
10. Exploiting personal relationships
11. Lying and hiding real objectives
12. Changing the topic
13. Exhibiting false emotion

In short, ethical negotiators promote joint satisfaction and maximize the positive outcomes of negotiation. They are not harmful, aggressive, and assertive. They use their power to benefit other people. They are transparent and just, productive, and efficient.

Negotiation and Socio-cultural Aspects

In an age of increasing globalization, and an era characterized by the increasing flow of commercial activities and professional ties across borders, the role of international negotiation has gained increasing importance in international business and relations (Faure, 1999; Foster, 1992). Individuals and professionals from different occupations engage in multidimensional activities—including businesspeople, engineers, scientists, and people involved in humanitarian aid. Therefore, increasing human activity across borders may lead to improving "...possibilities for interpersonal misunderstanding caused by differences in negotiating behaviors that are grounded in cultural differences" (Cohen, 1997).

The influence of national cultures on managerial styles and corporate culture remains a widely discussed subject in modern times (Trompenaars, 1993). Most of the studies undertaken on differences in national cultures and their impact on organizations find national cultures having profound effects on leadership style, communication style, motivation strategies, and negotiation behavior (Nicholas, Lane, & Brecha, 1999). National cultural identity is fundamental for individual characteristics such as self-esteem, functional effectiveness, mental health, and quality of life (UNESCO, 2002) and thus, it has direct effects on managerial styles, including negotiating approaches within and across organizations. National cultural factors can complicate and even frustrate both the process and the outcome of negotiation (Cohen, 1997). There is ample evidence of differences in negotiation approaches owing to differences in national culture (Graham et al., 1994; Moran & Stripp, 1991).

For one example, consider Mexico. Mexican national culture is generally group-oriented. Individual members of a group maintain group harmony and conform to social norms of the group. Healthy interpersonal relationships and building trust are critically important for developing future business relationships. While doing business in Mexico, friendliness, goodwill, and respect are key for success in the long run. Mexicans do business with individuals, not with companies, so the process of establishing business relationships may take time (Davis & Nayebpour, 2004). Making and keeping friends, whether social or professional, is helpful for resolving both social and business problems in Mexico. Family status, connections, and education are respected (Kras, 1989, 1994). Other vital personal features such as sincerity, integrity, charisma, and sociability are highly valuable. Communication is polite and diplomatic since the confrontational and conflictive approach to resolving differences is not functional in Mexico (Katz, 2006). Decisions require time, information, consultation, and approval from competent authorities in the corporate hierarchy (Davis & Nayebpour, 2004; Morris & Pavett, 1992). While some businesspeople and officials in Mexico may have only limited exposure to other cultures, many are reasonably familiar with them and are thus prepared for doing business internationally. When negotiating trade in Mexico, you should realize that people might expect things to be done "their way", in which case you should strive to understand, and occasionally emulate, their behavior in order to gain acceptance by your Mexican counterparts (Katz, 2006).

Information and Communication Technologies

The advent of information and communication technologies (ICTs) such as computer and computer-related products and services has revolutionized the way business organizations conduct their affairs, including organizational communication, meetings, and training. Similarly, ICT has also brought about dramatic changes in the way managers undertake business negotiations across organizations and nations. Although the conventional model of face-to-face negotiations has not yet been absolutely set aside, it is certainly practiced less than it used to be. In its place, emerging models of ICT-based negotiation are gaining ground.

The emerging model of negotiation is ICT assisted or based. Depending on the seriousness and scope of a negotiation event, negotiators may use any of the following ICT-based channels to negotiate with counterparts, both nationally and internationally (Thompson & Nadler, 2002):

- Negotiating via email
- Negotiating via telephone
- Negotiating via other social networks (LinkedIn, Facebook, and Skype)
- Negotiation via dedicated software

All these channels of negotiation are convenient, comfortable to work with, and cheap. However, it is vital to answer several questions before opting for any such avenues of negotiation, especially when the issue to negotiate is of a complex nature and involves high stakes (Teich, Hannele, & Jyrki, 1998):

- When is it appropriate to negotiate via email, telephone, or social media?
- What are the potential risks and benefits of negotiating through any of these media?
- What should negotiators do, specifically, when negotiating using ICT-based modes of negotiation?
- What are the potential competitive advantages of ICT-based versus face-to-face negotiations?

In general, ICT-based negotiations are more effective when (Starke & Rangaswamy, 1999):

- The topic is clear and straightforward.
- The topic does not require extensive discussion.
- The expected response is relatively simple.
- There is little possibility of misunderstanding.

Nevertheless, do not use ICT-based negotiation when (Starke & Rangaswamy, 1999):

- The topic is complex.
- The topic requires extensive discussion.
- The topic has great personal significance for the parties involved.
- The topic involves strong emotions and feelings.

Profile of a Successful Negotiator

How does one become a successful negotiator? Just as in any other professional career, academic preparation followed by field training and experience are key to becoming a successful negotiator. A degree in any field complemented by courses and training in the discipline of negotiation is enough to start building a career as a negotiator. Professional development activities such as participation in national and international academic and professional conferences and seminars also enrich the knowledge and experience of a negotiator or a would-be negotiator. As a successful negotiator, one should possess these attributes:

- Cross-cultural awareness and expertise
- Proficiency in foreign languages
- Cross-cultural communication understanding
- Success stories as a negotiator in the industry and community; good image; and reputation
- National and international achievements (awards and recognition)
- Affiliation with professional and academic associations and groups
- Ethical standards
- Leadership and managerial abilities

Potential Areas of Mistakes in Negotiation

There are no roses without thorns, as the saying goes. Similarly, in negotiation, there are areas that are clear and understandable for negotiators and others that are less so. Negotiation involves unknown factors and forces. Although excellent preparation helps negotiators to avoid making major mistakes, there are some common assumptions that can lead to errors (Schultz & Doerr, n.d.; Wood, 2011). Below are several of these.

Negotiation is an easy task: Some people believe that a negotiator's job is smooth and does not need that much preparation. This leads to lack of training and insufficient information collection before negotiation. Without enough information in hand, negotiators can make errors and even serious blunders.

Negotiation always leads toward agreement: It is very common for negotiators to assume that negotiations are about reaching agreement—leading them to be surprised when they encounter disagreements or differences at the end of a negotiation. Negotiators must expect disagreements and have a backup plan in case of negotiation breakdowns.

This negotiation will be the same as our previous negotiation: Believing that the current negotiation will end with positive outcomes because previous negotiations with the same counterparts were successful is a common fallacy. Circumstances change, interests and objectives change as well, and with them—negotiation approaches and strategies change. Treating each negotiation episode as a new ball game and preparing for it accordingly can help negotiators avoid this mistake.

We are negotiating a forever agreement: Some negotiators see it as their goal to achieve an everlasting agreement with their counterpart. This is unrealistic. Situations, objectives, interests, and parties change over time, and thereby, it is best to create a great deal for now, and good conditions for possible renegotiation in the future.

No need of other options: Some negotiators view developing ideas as a waste of time and resources. Why split attention across multiple possibilities, when we seem to have one that will fit the bill? However, negotiation experts recommend expanding opportunities and options for successful negotiations. The more choices you have, the better the chances are that you will compare and reach the best deal possible.

My opponent is weak and unprepared: Both underestimating the opposing side and overestimating yourself are risks in any negotiation. A healthy dose of self-confidence and self-respect are fundamental for a negotiator's success—but not when this comes together with downplaying the strengths and ability of your counterpart.

Guidelines for Negotiating Successfully

Whenever you get an opportunity to negotiate a commercial transaction or a social relationship, always remember that negotiation is about cooperation and communication. It is about building long-term relationships and understanding each other's needs and demands. It is also about caring for others and respecting their cultures and values. Attributes like patience, empathy, and honesty are essential criteria for a negotiator to possess and exercise. Other vital tips for successful negotiations are (Adair, Okumura, & Brett, 2001):

- Learn about the importance of differences in cultures and cultural backgrounds of the negotiators
- Gain proficiency in foreign languages. It is difficult to learn all foreign languages. However, learning about some of the underlying protocols of the language spoken by your counterpart will help you avoid communication errors
- Demonstrate positive and cooperative behavior in guiding the negotiation process toward a positive and productive atmosphere
- Negotiators should be creative, open minded, and flexible
- Consider bargaining "give and take" as part of the overall negotiation process
- Establish a clear-cut agenda, define deadlines, and honor them
- Commit the necessary time and resources to a negotiation event
- Have a contingency plan in place, in case of negotiation failure
- Learn about the social and business protocol and etiquette your counterpart is used to
- Constantly review the negotiation process and collect timely feedback
- Respect the rules of law and codes of conduct (national or international) that apply to the negotiation.

Terminology Used in Negotiation

The discipline of negotiation has developed its own language encompassing phrases, slang, expressions, acronyms, and abbreviations. One crucial prerequisite for successful negotiators is to learn to speak the language of negotiation across cultures. A review of the negotiation literature (Glossary, 2018) has found the following terms and terminologies used by different writers and speakers in the field. Of course, given the fact that there could be many more terms, this is not presented as an exhaustive list; nevertheless, these are the frequently used terms we suggest you remember and understand.

ZOPA: Zone of Possible Agreement—the span of potential agreements that are possible, given the parties' resources and walk-away points.

BATNA: Best Alternative to Negotiated Agreement. Introduced by Roger Fisher and William Ury (1981) in their bestselling book, "***Getting to Yes: Negotiating Without Giving In***"; this term indicates the best alternative you have, should this negotiation go awry. Reflecting on what you can do on your own, without a yes from your counterpart, your BATNA is one standard against which you judge any offer your counterpart has made you. If the proposed agreement is better than your BATNA, you should accept it. If the deal is not better than your BATNA, then you should continue negotiations. If you cannot improve the agreement, then you should consider withdrawing from the negotiation and pursuing your alternative.

Bargaining Power: The bargaining power of parties in negotiation is determined by circumstances or conditions that increase the competitive position of one party over the other. Sources of bargaining power are knowledge, quality of the product, size of the company, location of negotiation, and more.

Bottom Line: The bottom line could be increasing the market share, earning a profit, building business networks, or just solving a long-standing problem between the parties. Generally, use of the term "bottom line" refers to monetary benefits involved in business transactions.

Reservation Price: The price level or price point below or above which you will not accept the price. It is the least favorable price point at which one will approve the deal.

Resistance Point: The point beyond which a negotiator will not settle is a resistance or reservation point.

NOPA (No possible acceptance area): An area or zone (i.e., a price level) where negotiators will not be willing to accept the offer or demand.

WATNA (Worst Alternative to a Negotiated Agreement): It is the opposite of BATNA. What is the worst thing that will happen, should you not be able to reach a negotiated settlement in this negotiation?

Target Point: The optimal area or point where a negotiator would like to conclude the negotiation process.

Distributive Negotiation: A negotiation process in which the outcome would be zero-sum. It means one party will lose and the other party will win.

Integrative Negotiation: A negotiation process in which the outcome would be positive-sum. All parties at the negotiation table will come out as winners.

Bargaining Mix: The entire package of issues involved in a negotiation. Each topic can have its starting and finishing point. For example, when negotiating selling or buying a product, the bargaining mix will likely include price, quality, delivery date, guarantees, and after-sale services.

(*continued*)

(continued)

Starting Point: When you are selling, the first price you offer the buyer and the first counter-offer you receive from the buyer are the starting points in a sale-purchase negotiation.

Settlement Point: The final point at which negotiators agree on a price/number.

MESO Negotiation: Multiple similar simultaneous offers (MESO) is a negotiation strategy, which allows negotiators to propose multiple offers without committing to any of them. You propose them to the other party, in order to get a sense of which direction seems to appeal to them, and then follow-up along that path. You can use such an approach to create value for a counterpart who is not ready to negotiate (Shonk, 2016).

Authors' own creation

Final Thoughts

Learning about the discipline of negotiation and its importance in resolving differences, disagreement, and disputes in our societies is the need of the hour. Humanity today stands at a critical juncture. Regions and nation-states around the world are engulfed in diverse forms of conflict. On a daily basis, we hear news of political, strategic, and commercial disputes across the world ranging from the South China Sea, Yemen, Syria, North and South Korea, Afghanistan, Kashmir, Palestine and Israel, BREXIT, Iran and P5+1 group nuclear deal, and many more.

In particular, in an increasingly globalized environment of products, services, and people, the role of negotiation is gaining even more importance as a source of defining and concluding international business transactions and deals (Foster, 1992). The need for understanding global negotiation also demands an understanding of how global cultural systems, global companies, and global institutions function. Ironically, adding more fuel to the fire and salt to the wounds of a world that is already going through rough times, the international and intercontinental tariff wars have just begun, led by the US. As this chapter is being finalized, we can share a recent article from the New York Times (Swanson, 2018):

> *The Trump administration on Friday escalated a trade war between the world's two largest economies, moving ahead with tariffs on $50 billion of Chinese goods and provoking an immediate tit-for-tat response from Beijing. The president is battling on a global front, aiming at allies and adversaries alike. The United States has levied*

global tariffs on metal imports that include those from Europe, Canada, and Mexico while threatening to tear up the North American Free Trade Agreement. These countries are fighting back, drawing up retaliatory measures that go after products in Mr. Trump's political base. China's response was swift on Friday, focusing on $50 billion worth of American goods including beef, poultry, tobacco, and cars.

Even assuming that the US' concerns are genuine and it has been too soft or generous in the past with its allies and friends in facilitating international trades and investments for them and negotiating free trade agreements which are favorable to them. Can we not renegotiate all those agreements and friendships sitting around the table, in a friendly and frank environment, rather than through unilateral action and saber rattling? Conflicts cannot be resolved through disputes. Conflicts engender further conflicts and foster dysfunctional relations.

All these conflicts are multidimensional and can only be resolved through bilateral and multi-lateral negotiation platforms. Direct dialogue and open negotiations will eliminate misunderstandings, misperceptions, and miscommunication among parties in conflict. Negotiations can promote harmony and friendship, bringing peace and prosperity to the sharply divided world of the twenty-first century.

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3

Negotiating for Strategic Alliances

Andreas M. Hartmann

Introduction

It has been argued that due to the growing complexity of production and accelerated technological development, most firms need to find partners to keep up in the era of globalized competition. This state of affairs has been labeled "alliance capitalism" (cf. Dunning, 1995). Alliances are the connecting elements within global value chains, where the production of a good or service for a final customer is the result of a network of interfirm cooperative arrangements. Even if in many cases alliance partners maintain a formal supplier-buyer relationship, any type of bespoke B2B product or service that requires some adaptation in quality or delivery mode beyond the commodity standards implies a mutual dependency between the partners. In those cases, arms-length contracting is insufficient for ensuring effective coordination; the effective setup and management of such collaborative ties becomes an important issue that can turn into a competitive advantage for firms (Ireland, Hitt, & Vaidyanath, 2002). This chapter presents a microlevel view on how such alliances are set up and kept functioning, through negotiation.

Strategic Alliances Between Contracts and Negotiations: The academic literature on strategic alliances has focused far more on contracts than on negotiation. Even a book chapter that revolves around incomplete contracts

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(Sumo, Duysters, van der Valk, & van Weele, 2014) fails to address the counterpart of such supposed incompleteness, which is of course a constant process of inter-partner negotiations. This bias is caused by the dominance of certain management theories for describing alliance-related phenomena, namely agency theory, game theory, and transaction cost economics (e.g., Parkhe, 1993). All these theoretical approaches deal with structures and outcomes at the organizational level, and quite naturally combine with such abstract terms as "relational governance" within alliances (cf. Larsen & Lyngsie, 2017). Even the umbrella term "alliance capability" (cf. De Man, Duysters, & Saebi, 2010), which has connected research on strategic alliances with the capability literature, does not necessarily focus on concrete actions such as negotiation, although Schreiner, Kale, and Corsten (2009) do consider such process categories as coordination, communication, and bonding. However, the lack of scholarly attention to micro-processes within alliances seems to be congruent with the fact that "one of the main reasons for alliance failure can be found in managers' inability to address relational problems arising after the contractual agreement," as Comi and Eppler (2015, p. 75) summarize the literature on alliance management. While a classic how-to book on alliances such as Kuglin and Hook (2002) gives far greater weight to contracts (mentioned 18 times) than to negotiation (mentioned 6 times), the mentality of alliance specialists seems to be changing: a recent textbook on alliances also favors the design of the contract, but insists on the necessity of renegotiation (Mesquita, Rogzzini, & Reuer, 2017).

By contrast, negotiation processes usually do take place, in practice, and should be framed at the individual or small-group level. It is thus fortunate for the training of current and future managers that other textbooks on alliances recognize the importance of negotiation processes by dedicating a whole chapter to either the initial negotiation (Tjemkes, Vos, & Burgers, 2017) or the "mutual adjustment and continuous negotiation" (De Man, 2013, pp. 167–179).

Defining "Strategic Alliances": *Strategic alliances* is a rather broad term that covers "a variety of interfirm cooperation agreements, ranging from shared research to formal joint ventures and minority equity participation" (Bartlett & Beamish, 2018, p. 346). In all such cases, alliances involve "flows and linkages that utilize resources and/or governance structures from autonomous organizations, for the joint accomplishment of individual goals" (Parkhe, 1991, p. 581). Alliance partners might join forces to cover larger markets, to share risk and investment costs, to share knowledge, or to specialize in one area while leaving another one to a partner. This chapter deals with how firms negotiate such alliance agreements and how negotiation is a central part of interaction between the partners once the collaboration is under way, following Vlaar, Klijn, Ariño, and Reuer's (2010) distinction between negotiation as *pre-formation processes* and (re)negotiation as a *post-formation process*.

Structure of this chapter: After this introduction, the section "Types of Strategic Alliances" offers a classification of strategic alliances into four dimensions: Scope of collaboration, degree of participation, partner (a)symmetry, and number of partners. The section on "Elements to Negotiate for Setting Up a Strategic Alliance" explains the elements that need to be negotiated for setting up a strategic alliance. The section "Alliances as an Ongoing Exercise in Negotiation" presents alliances as an ongoing exercise in negotiation. The final section presents conclusions and recommendations.

Types of Strategic Alliances

For setting up a strategic alliance, the future partners not only need to find each other and try to ascertain as much as possible about their counterparts, they are also required to engage in a series of negotiations in order to establish the other party's willingness to cooperate, to build trust, and to work out the exact shape and conditions of the partnership (cf. Vlaar et al., 2010). Alliances can assume a dazzling number of forms. The following paragraphs present a rough sorting pattern, which allows the visualization of some aspects that influence the negotiation of the different types of partnerships.

Scope of Activities in the Value Chain: Within a material value chain, ranging from the extraction or production of raw materials to the delivery to the end customer, suppliers and buyers have a structural incentive to work closely with each other when they provide highly customized goods and services. This is the case for any manufacturing firm supplying customized inputs for the producer of an intermediate or final good, but also for many services like software, logistics, distribution, or bespoke forms of financing or insurance. Typical partnership arrangements are thus designed for contract farming, contract manufacturing, third-party logistics, business process outsourcing, franchising, or the setup of turnkey operations, among others. For each such collaboration, the precise scope of activities and the mechanisms of mutual influence between the partners need to be negotiated. In the case of a turnkey operation for a power plant, for example, the agreement usually goes far beyond technical specifications and includes specific delivery milestones, warranties, and financing details. Such an arrangement might include many idiosyncratic elements, so there is a lot of room for inter-partner negotiation.

On the other extreme, many franchise contracts—such as for restaurants, hotels, or convenience stores—are based on boilerplate agreements where franchisors use their bargaining power to reduce negotiation and other transaction costs to a minimum. It is also common to define a time frame for the alliance, either with or without an option for continuation at the end of the originally defined period.

Degrees of Equity Participation: Depending on the degree of equity participation of the partners, alliances can be classified as mere contractual alliances without any equity participation, minority equity participation, and joint ventures (JVs). Maybe the most emblematic form of an alliance is a JV, where two or more partners bring in equity and other resources to form a new, formally independent entity. A well-known international JV was Sony Ericsson, a mobile phone manufacturer set up as a 50:50 partnership between the Japanese consumer electronics firm and the Swedish telephone network equipment manufacturer. The purpose for setting up such a JV is often to expand the partners' businesses into new areas, which need a certain degree of independence from the parent companies. On the other hand, minority equity participations are often set up to provide financial stability to a partner perceived as vitally important in current business or representing a technological or market option for the future. For example, a pharmaceutical company might take a financial interest in a small research lab that needs extra funding to advance its testing activities. How much the minority partner invests and what exact decision rights accompany such investment is one of the key issues to be negotiated. The most commonly encountered forms of strategic alliances, however, do not imply an equity investment by any of the partners and thus do not provide opportunities for directly intervening in the counterpart's affairs. Contracts need to be negotiated in detail and revised whenever circumstances change.

Relative (A)symmetry of the Alliance Partners: Negotiations for setting up strategic alliances may be subject to important power imbalances, where the larger or financially healthier partner can practically impose conditions (and prices) on the smaller one. Another factor contributing to power imbalance can be one partner's ties to a network, for example, in those cases where government connections are key for the success of the collaboration. DeGhetto, Sutton, Holcomb, and Holmes (2015) argue that personal ties can help SMEs from emerging economies to increase their bargaining power against multinational enterprises. Prashantham and Birkinshaw (2008) have even formulated tips for "dancing with gorillas," so that local SMEs could afford to enter such relationships and then extend them without jeopardizing their own existence. In other cases, such as typical franchising relationships in service-intensive industries, however, the franchisor's power is so overwhelming that individual franchisees must accept standard contracts that dictate low profit margins and allow the franchisor to intervene in details of the franchisee's operations. Under such circumstances, negotiation latitude will usually be reduced to a minimum.

Dyadic Alliances versus Multiparty Alliances: Many alliances are dyadic in nature, that is, they involve two partners that each play a clearly determined role within the relationship. One key issue when setting up these dyadic alliances is to delimit who does exactly what in order to create a positive-sum collaboration. The ensuing negotiation will become more complicated to the degree that the two partners' scopes of activity and capability are similar, creating a tension between collaboration and competition (for details of the dynamics in co-opetitive arrangements, see Brandenburger & Nalebuff, 1997). Partners are thus advised to consider and negotiate very carefully what they want to share and which parts of the business they want to keep away from their partners.

On the other hand, there are several forms of multiparty alliances that imply both initial and ongoing negotiation processes. The following short paragraphs discuss three types of multiparty alliances, a list that of course could be extended to a whole chapter. In the airline industry, most major full-service companies based in developed and emerging economies are part of one of the world's leading three alliances: Star Alliance, SkyTeam, and Oneworld. Such alliances offer their members advantages on both the resource side and the market side: Through code sharing, joint use of facilities, and supplier bundling, member airlines realize significant economies of scale. The increase of the network, on the other hand, allows for capturing a larger portion of the global air travel market, as passengers are steered to connecting with one of the partners. The largest airline alliance in the world is Star Alliance, which was created by only five member companies in 1997 but has since grown to 28 members as of March 2018. This extraordinary growth went from a negotiation-based approach to a formal structure including a full-time management team set up in 2000, a common IT platform launched in 2005, and a proprietary booking engine implemented in 2009 (Star Alliance, 2017). For most member airlines—especially the leading ones, Lufthansa and United—this alliance has been a boon, although there are some less successful examples, like Mexicana, which left the alliance in 2004 only to file for bankruptcy six years later, and Brazil's Varig, whose membership was suspended when it ran into financial trouble. Details of negotiations on entering or leaving the alliance are normally not made public, so one can only imagine what has been going on behind closed doors.

Large infrastructure projects can also be framed as temporary alliances between the parties involved, which usually include engineering companies and different types of building contractors. Often called a consortium, such project-based interfirm agreements have a clearly delimited purpose and are usually disbanded once the goals are achieved, although the same partners might meet up again for different assignments. The project management approach usually emphasizes planning, organizing, and controlling (cf. Cleland & Gareis, 2006), while reports from the field emphasize the importance of negotiation to finish complicated projects with multiple partners, such as the expansion of the Panama Canal (van Marrewijk, Ybema, Smits, Clegg, & Pitsis, 2016). Even a relatively standard project such as the construction of a new metro line in Monterrey, Mexico, required the cooperation between a local construction company, a German-based electric control outfitter, and a Canadian-based vehicle manufacturer, who had to negotiate both among each other and facing local authorities, including the contracting entity.

Within the Japanese economy, business groups known as *keiretsus* have long played a considerable role (cf. Todeva, 2005). There are vertical *keiretsus* such as Toyota, which works with a network of exclusive providers, with whom it has multiple financial ties on top of the technical and supply relationships. Horizontal *keiretsus* such as Mitsubishi and Sumitomo operate in many different fields, working together through a common bank and sometimes a trading firm. The firms are connected by a network of personal contacts and cross-holding of shares. Negotiations within the network are notoriously confidential, as one of the key concerns is to keep outsiders at bay.

Intercultural Alliances: The inherent difficulties of having to work two or more organizations toward a common goal can be compounded when there are considerable cultural differences between the partners. Such differences come to the fore in negotiation behavior, for example, when members of individualistic cultures meet with collectivists, who are often more relationship-oriented than task-oriented. According to Gammelgaard, Kumar, and Worm (2013), such cultural differences influence process discrepancies, outcome discrepancies, issues of trust, and the decision of whether to renegotiate or exit the alliance in case of dissatisfaction. Cultural differences also appear with regard to the meaning of the initial contract, for example, "signing a contract with the Chinese may mean the beginning of real negotiations" (Chen, 2008, p. 278), an approach that would probably lead to legal conflict in contract-based societies such as the USA.

Elements to Negotiate for Setting Up a Strategic Alliance

Object and Limits of the Collaboration: The first topic to negotiate for in a future alliance agreement is the precise purpose and scope of the collaboration, that is, which products to manufacture, which services to deliver, or which technologies to develop. At this point, the future partners usually also define who contributes which part to the effort, concerning funding, technology, and critical personnel, although these contributions often need to be modified once the alliance is functioning. The efforts that are expended by each of the parties should lead to a corresponding split of future results, which is another vital issue in the initial negotiation. Since no agreement can foresee all possible future events, the agreement should also set up a governance structure where the decision rights and the obligations of the parties are defined in detail. Finally, the alliance agreement usually includes a time horizon, which may determine periodic reviews, and a termination date, which can include or not an option for renewal. All these issues are subject to negotiation, which of course requires considerable time if done thoroughly. Failure to discuss the points listed earlier will undoubtedly require further negotiation and may lead to open conflict when parties disagree about what they thought was the precise content and spirit of the agreement.

The Degree of Formalization and Standardization: Depending on the experience of the partners, the degree of certainty about market and technology developments, and the faith in the rule of law in the corresponding countries, partners will strive to stipulate the alliance in greater or less detail. In practice, it would be somewhat time-consuming and legally challenging to devise such agreements from scratch. Partners with ample alliance experience might use their previous agreements as models for the one under negotiation, while for other, less complicated cases, there is a significant number of templates available. For example, both Llamazares (2010) and Shippey (1998) offer books with illustrations of contracts for international distribution, consulting, licensing, technology transfer, and so forth.

Although there is general agreement on the fact that all contracts are necessarily incomplete and cannot cover all possible future events, scholars don't quite concur regarding the benefits of pushing for further formalization. Some alliance researchers from Western Europe with its relatively well-functioning legal systems "assume […] that the more specified the legal agreement, the better the alignment of goals and behavior and the lower the risk of opportunistic behavior" (Neumann & Bachmann, 2011, p. 163). Similarly, Reuer and Ariño (2002) found that contractual safeguards reduced the probability of renegotiating alliance terms for a sample from Spain. On the other hand, a prominent alliance researcher focusing on India—a country with a relatively weak legal system—states that "rigorous contracts at best will be moderately effective in deterring type-2 [i.e., high relational risk/short deceit horizon] deceitful behavior" (Das, 2005, p. 711). This discrepancy in learned opinions is a reminder that jurisdiction is a major concern; indeed, most alliance contracts contain a clause determining where partners could take each other to court if one of the partners feels compelled to do so.

A special consideration for negotiating such agreements is the question of the degree to which legal professionals should be involved in the process of hammering out a deal. In a highly legalistic and litigious system such as the USA, omitting a detailed legal review of contract terms would be considered negligent and potentially costly for any party entering such agreements. On the other extreme, traditional Japanese firms would not attach a lot of importance to the written contract; in fact, bringing in lawyers in the early phases of negotiation might be considered a show of distrust that could ruin the building of a harmonious relationship, which is regarded as the main purpose of such negotiations.

When alliance partners hail from countries with very different legal backgrounds, the question arises as to which legal system to apply. Contracts often contain a specific clause stipulating jurisdiction for the case of legal disputes. Of course, each of the partners would prefer to have home advantage in legal matters so that the jurisdiction clause may reflect power relationships in the alliance. However, when cultural distance is high and legal systems are very different, the outcome often seems to be a less detailed contract (cf. Delerue & Sicotte, 2018) and alliance partners from countries where legal protection is doubtful—Mexico, for example—will place an increased emphasis on trust (cf. Teegen & Doh, 2002).

In general terms, contracts that are written too "tightly" might be a hindrance for specific goals of the alliance that require innovation. For this reason, Sumo et al. (2014) point out the benefits of incomplete contracts, which allow for flexibility and freedom in the implementation of the agreement. There is also a possible adverse effect of too many legal details in contracts, as partners might focus more on loss prevention than on value creation, leading to suboptimal outcomes in practice (cf. Siebel, 2014).

Containing the Partners' Opportunism: As explained earlier, contracts alone are insufficient to make sure that the partners will not take advantage of each other. Researchers thus insist on the importance of building trust (cf. Neumann & Bachmann, 2011) early on in the process. In this sense, the negotiation process itself can be viewed as an exercise in gradual trust building, following the rules for mutual information disclosure and consideration of both parties' interests. When one of the partners feels that the counterpart does not apply rules of fairness in the negotiation, the alliance might not be established, despite lengthy negotiations aiming toward this goal (cf. Ariño & Ring, 2010). The rules for establishing trustful relationships are described in most negotiation textbooks under the heading of "integrative negotiation" (e.g., Lewicki, Barry, & Saunders, 2015) and do not require further explanation in this chapter. However, Lui and Ngo (2004) were able to show that it is necessary to distinguish between competence trust and goodwill trust, and that only the latter can be a substitute for contractual safeguards. Similarly, from a detailed case study about a failed alliance in the Scandinavian financial service industry, Lueg and Pedersen (2014) conclude that output and behavioral controls reduce trust, while social controls would offer the opportunity for building trust.

Applying the dual concerns model for negotiation, Das and Kumar (2011) state that a problem-solving strategy is superior for the formation, operation, and outcome of strategic alliances, if compared to the alternative strategies of contending, yielding, and compromising. However, Das and Kumar (2011) base their model on the simplifying assumption that the partners' behaviors will be symmetrical, while for the case where one of the partners does not pursue a cooperative strategy, the other one may be better off applying a contending or compromising approach. Under the best scenario, a cautious collaboration will help with building trust, so that over the long term, the partners will engage in mutual problem-solving.

The assumption that familiarity necessarily breeds trust is contradicted by the many experiences of alliances that end in less than friendly separations or that chug on only because one of the partners decides that suffering continued abuse is better than separation. For example, Western car companies in China are forced by government authorities to enter JVs with local partners, and in some instances they have reported patent infringement committed by their domestic partner. Such was the case with Volkswagen and its long-term partner FAW (Handelsblatt, 2012, July 27). In such cases, a negotiated approach to conflict resolution reaches its limits, as it does not make sense to draw up an agreement that you don't expect your partner to respect.

Contingent Agreements: Except for dispute resolution cases, all negotiations about alliances concern future events, which always contain elements of unpredictability. Parties that are highly risk-averse might thus be reluctant to engage in alliance collaborations. One way of reducing risk is adopting a stagewise approach, in which commitments are implemented only at previously defined milestones, such as specific production or sales targets. A typical approach to such contingent agreement is linking one partner's equity participation to the future development of the JV, in the form of a refund that is due only if specific threshold values are reached. Contingent agreements are a standard element for investors who provide funding for new ventures, which are often highly risky. However, all such clauses require the partners to engage in scenario planning and detailed negotiation, adding to overall transaction costs. For the case of an alliance between a knowledge provider and a knowledge recipient, Contractor and Ra recommend "a multiplicity of payment types, including royalties, lumpsum payments and returns on equity" (2000, p. 271) to balance the provider's interest in stable payments and better monitoring against shirking. Thus, there is an argument to be made in favor of negotiating somewhat sophisticated agreements.

Dispute Resolution Clauses: In case an alliance fails from the perspective of at least one of the partners, and this partner finds fault with his or her counterpart, the default option for many Western business firms is to litigate. However, going to court has several drawbacks, notably the possibility of a prolonged and costly dispute, the inherent uncertainty of the judge's ruling, and the partially misaligned incentives of the lawyers, whose own economic interest is to bill as many hours as possible by making matters complicated. Therefore, at least in the USA, alternative dispute resolution (ADR) mechanisms have become standard elements of many business contracts, including alliance agreements. Typical forms of ADR are mediation and arbitration, as well as combinations thereof (cf. Shonk, 2018a, February 19). Mediation is an assisted, orderly form of negotiation, while arbitration means voluntarily handing over decision power to a third party. Apparently, the type of ADR and the venue for such proceedings can be another issue of negotiation when setting up an alliance. Based on a study of 102 business disputes, Lumineau and Malhotra found that "a greater emphasis on contracting may also encourage parties to take the task of resolving conflict more seriously" (2011, p. 548); in other words, the enhanced transaction costs that go into negotiating a detailed contract may be money well spent.

Alliances as an Ongoing Exercise in Negotiation

As Salacuse states, "a business deal of any significant duration is an *ongoing negotiation* between parties, who must apply their agreement to unforeseen circumstances and adjust their relationship to a constantly changing environment" (2018, emphasis in the original text).

As opposed to the typical arms-length attitudes common to sales bargaining, the initial negotiation attitude of future alliance partners should be more integrative than distributive. Rao and Schmidt (1998) found that US negotiators favored soft over hard tactics in international alliance negotiations when their time horizon was more prolonged, although other factors such as personal dispositions and cultural distance also influenced these behaviors.

As it is virtually impossible to draw up a contract that would foresee all kinds of future contingencies and developments, the governance of alliances is usually a mixture between contractual and relational elements. When the environmental uncertainty increases, the relational part and therefore the need for ongoing negotiation increases with it (cf. Abdi & Aulakh, 2017). Das and Teng (2000) have classified the tensions that are inherent to strategic alliances as competition versus cooperation, flexibility versus rigidity, and short-term versus long-term orientation. Especially the first one of these tensions offers a wide field for ongoing negotiation, where partners' attitudes determine outcomes with respect to the two other tensions.

Planning for the Evolving Alliance: Many alliances evolve over time, and these changes cannot be foreseen when signing the initial agreement. One of the reasons for this evolution is possible changes in the partners' relative resource endowments. Dyer, Singh, and Hesterly (2018) argue that there are four constellations when a partner's ex-post bargaining power increases: replication or replacement of the partner's complementary resources, development of additional resources that are synergistic with the alliance, lower investment in relation-specific assets leading to less relative dependency on the partner, and preventing imitation of strategic resources by competitors. In the long run, the partner with increased bargaining power might want to refashion the conditions of the alliance or even terminate it. One case where an alliance in the international food industry was involved in a bitter feud was the partnership between Chinese Wahaha and French Danone, which reached the point where both parties accused each other of breach of contract and sought the support of their respective national governments. Interestingly, this case was settled through negotiation (cf. Tian, 2016), although the cost of fighting instead of collaborating turned out to be enormous, regarding both lost opportunities and a tarnished public image.

Another reason for renegotiating an existing agreement is changing market conditions or a set of unrealistic expectations that shaped the original agreement. For example, Kalnins (2005) found that most master franchise agreements involving a US-based franchisor needed to adjust the franchisee's development commitments after a certain period of time. For those cases where changing circumstances require formal renegotiation of the initial contract, de Man recommends that “alliance managers carry out renegotiations, not a different team. Organizing renegotiations in this manner ensures that a renewed deal fits with the existing alliance, that all relevant knowledge of the alliance is incorporated in the renegotiation, and that the end result will be executed because the deal is renegotiated by the same individuals who are responsible for its implementation” (2013, p. 86).

Relationship management: Andersen has presented a formal model of what he calls “network enterprise management tasks” (2011, p. 193). At the relationship level, these tasks include the initiation of relationships, relation maintenance and routinization, and relationship development and termination. All of these generic tasks involve intensive inter-partner negotiation.

The role of interface managers: Typically, organizations focus mainly on their internal activities and leave the task of dealing with alliance partners to specific individuals, who might be explicitly designated or evolve from either previous contacts or the ongoing alliance process. According to Gulati, Sytch, and Mehrotra, “in many organizations, the employees who initiate the contact with the alliance partner and negotiate the terms of the deal are usually not the ones running the alliance” (2008, p. 161), which may lead to a misalignment of goals among members of the same organization.

The boundary spanners in charge of handling the ongoing relationship are often referred to as interface managers. According to Bartlett and Beamish (2010), interface managers need to know about internal processes, have credibility and status within their organizations, and be acquainted with the organization’s strategies and goals. Based on these, they will negotiate the details of the ongoing alliance relation.

The long-term prospects of strategic alliances: According to Das and Teng (1999), strategic alliances between firms are inherently risky and present a failure rate of up to 50%. It must be pointed out, however, that the dissolution of an alliance is not necessarily a failure, as some alliances were designed for a limited time anyway, especially those where the partners wanted to learn from each other, for example, about specific technologies or access to new markets. Once the learning cycle has been completed, there may not be many reasons left to keep working together. Of course, alliances can also be severely affected by external conditions, such as a change in government policies, evolving consumer preferences, or competitors’ actions. In any event, the termination of an alliance usually sets in motion the last phase of negotiation between the partners.

Das and Teng (2000) have developed a framework for predicting the outcome of alliances based on a combination of external tensions: Behavioral (cooperation vs. competition), structural (rigidity vs. flexibility), and psychological (long-term vs. short-term) factors combine to favor one of three types of outcomes, namely mergers/acquisitions, stability, and dissolution.

The first type of outcome is when one partner acquires the other, or at least the other's part in what used to be the commonly owned JV. This would be the case if the acquirer has a stronger interest in the further development of the venture and greater faith in its prospect than its partner does. A relatively well-known example is the former cell phone manufacturer Sony Ericsson, a 50:50 Japanese-Swedish JV created in 2001. The brand achieved respectable market participation in its first years of existence, but sales started declining after 2007, mainly due to intense competition from Apple and other manufacturers. Finally, in 2011, Sony bought out its former partner (cf. Thoumrungroje, 2004) and continued developing and selling cell phones under the Xperia brand.

When partners show flexibility, a long-term orientation, and a cooperative attitude, alliances may last for many decades. From many researchers' point of view, such continuity is not interesting, and journalists will hardly cover these relationships, due to their professional bias toward bad news. However, such collaborations do exist. For example, the Mexican food company Sigma Alimentos has for decades been distributing Oscar Mayer sausages and cold cuts as well as Yoplait yogurts in Mexico, even though both brands have changed ownership over the years. On the other hand, there is evidence of firms clinging on to failed alliances, notably due to social pressure on the management team and such well-known negotiation phenomena as an escalation of commitment and the sunk-cost fallacy (cf. Delios, Inkpen, & Ross, 2004; Inkpen & Ross, 2001). A long-term relationship may also require periodic renegotiation efforts, which can be quite costly (cf. Artz & Brush, 2000).

The most newsworthy cases of alliance terminations, of course, are dissolutions, especially when in the final period; the partners leave the negotiation terrain and end up in arbitration or court. A well-known example from the USA is the partnership between coffee maker Starbucks and Kraft Foods, established in 1998. By 2010 Starbucks had left the agreement, after Kraft refused to distribute coffee pods designed for coffee machines other than their own. Negotiations between the two partners broke down, and Starbucks agreed to pay a hefty fine to grab a more significant share of the coffee-pod market (cf. Shonk, 2018b, March 29). In this case, market conditions had changed, and one partner wanted to move on, while the other one preferred to hold on to the original agreement.

Final Thoughts

This chapter describes negotiation as a significant part of alliance management. The traditional view is that there is an intense negotiation process for setting up an alliance, which culminates in a detailed contract between the partners. According to this simplified, legalistic conception, the remainder of the alliance life span is dedicated to implementing the agreement. In contrast, this chapter demonstrates the multiple facets of alliances, which are too varied to be included in a contract and the changing conditions of alliances, which lead to both continuous negotiations as part of the operational task and renegotiations when the need arises to change the base agreement.

A series of recommendations can be derived from the issues described in this chapter:

Alliance contracts need to cover many problems and require dedicating a significant amount of time and effort to getting to know the partner(s) and devising the best ways to collaborate. Even in societies with weak legal systems, the future partner should strive to look at as many aspects as possible of the future alliance. Furthermore, it is crucial to get the incentives right through more sophisticated mechanisms, such as stepwise implementation, contingent agreements, and clauses for ADR, for the case where the relationship turns sour.

The complexity of good alliance agreement and management requires designating one or several specialists who should be involved in both the initial negotiation and the ongoing relationship with the partner(s). Such interface managers should have an in-depth knowledge of the own organization and the partner(s) to anticipate problems and detect opportunities for improved synergies.

Finally, most alliances have a delimited life cycle with a beginning and an end. By clearly defining the desired results and thinking through the whole cycle, negotiators will benefit from engaging in long-term planning, which includes an appropriate exit strategy that minimizes costs and damages. In particular, those alliances in which the primary objective is to learn from the partner are analogous to getting a college degree: One might enjoy the experience for many years, but finally, it will be time to move on. As alliances often do not come with a predesigned schedule, when to terminate or reshape the current agreement is a decision to be made wisely, and negotiate well.

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4

Transcendental Negotiations: Creating Value with Transgenerational Negotiations

Habib Chamoun-Nicolas and Randy D. Hazlett

Introduction

In this chapter, we discuss three approaches to negotiation: distributive or positional negotiation, integrative or interest-based negotiation, and transcendent or transgenerational negotiation. The first two are well-addressed in the negotiation literature, while the third is new. This chapter briefly reviews the first two approaches, in order to contrast them with the transcendental approach. Chamoun, Martin, Pereda, and Hazlett (2016) first introduced the concept of transcendent negotiation by analyzing consciousness as an anthropological foundation for negotiation. In this framework, negotiation is not only an instrument of purpose, it is also an end, as the negotiator's entire well-being is at stake. A transcendent approach to negotiation recognizes that negotiation outcomes create inner happiness and can possibly even benefit future generations. According to St Thomas Aquinas (1274), "Being is manifested in man as the ultimate goal of elevating the Self to the transcendental value of happiness." Chamoun et al. (2016) have identified pillars sourced in ancient wisdom that characterize a sensible negotiator: prudence, justice, fortitude, temperance, and discernment. The presence of these pillars can lead to robust and transcendent negotiations. Transcendent negotiations have been

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recorded for thousands of years—at least since the time of Herodotus (1997). However, they haven't been identified or categorized as transcendent negotiations until recently. Understanding transcendent negotiation requires, therefore, a brief journey in space and time.

Negotiating Transcendentally: Lessons from an Ancient Culture

The Phoenicians were Canaanites who flourished in the region of modern-day Lebanon and Israel from about 1200 BCE until the conquest of the region by Alexander the Great in 332 BCE; the origins of this culture could possibly go back as far as 2500 BCE (Sanford Holst, 2005).

Chamoun and Hazlett (2007) described how the Phoenicians built a long-lasting negotiation reputation and a trustworthy negotiation network. The Phoenicians learned to extract red, blue, and especially violet dyes from sea snails and mollusks. They recognized the market value of this prized product and understood their customers' needs. The Phoenicians supplied the deep purple dyes to an elitist market—kings and royalty. The very name "Phoenicians" is derived from the Greek word phoinikes, or purple. To themselves, they were Canaanites; to their customers, they were Phoenicians. Another of their natural resources was cedar—a wood in high demand among neighboring city states. To avoid being invaded and plundered, they convinced their contemporaries that maintaining a good long-term business relationship would be more beneficial for everyone since the Phoenicians had the largest merchant fleet at that time. Instead of focusing on one city, they founded small towns and ports in strategic locations to trade with major Mediterranean city states. In addition to cedar, the Phoenicians traded raw materials, such as dyes, cotton, linen, glass, metals, and even ivory. Their strategy didn't consist of competing with their neighbors for control of a product, but rather in making business partnerships with all, practicing a philosophy with eight basic principles: have a solid product base, locate centrally, expand geographically, grow inventory, fill commodity and also retail markets, price fairly, deal honestly, and always deliver the goods.

Utilizing this intercultural and mobile model, the Phoenicians were able to maintain their freedom, becoming indispensable to their neighbors, thanks to the asset of their merchant fleet. For example, the port at Carthage is estimated to have been home to 200 ships, each capable of transporting more than 600 people. They also managed their relationships diplomatically. The Phoenicians were not interested in the military invasion of others to impose their culture. The stability of their business expansion depended upon their negotiating capacity, in addition to the proper protection of routes, caravans, and ships against attack by thieves or pirates.

The region of Canaan, one of the most important Phoenician centers, was chosen by the Israelites after their exodus from Egypt. The Biblical description of their settlement of the region relates that to avoid corruption of their religion, the Israelites—upon divine commandment—forcibly displaced all other people from the region. Army after army fell to them with no survivors. The Phoenicians, however, remained and thrived as a culture. When the ancient kingdom of Israel peaked in regional political dominance under King David and his son Solomon, so too did the Phoenicians in terms of commerce. Israel had the wealth, and the Phoenicians had the goods.

To be successful, they had more than the goods. While they could initially position themselves as trading partners of choice with a diverse base of products and services, the Phoenicians recognized that having goods without salesmanship is not a recipe for long-term market success. To expand and assure their success, the Phoenicians became highly developed communicators. They created the phonetic alphabet that placed reading and writing in the hands of the masses.

Instead of practicing usury or manipulation, the Phoenicians maintained a trading philosophy based on the need for products and transparency of relationships. Exploring Phoenician practice, we can distill seven ethical principles which still preserve their universal value in contemporary times (Sanford Holst, 2005): (1) Create Partnerships, (2) Trade Internationally, (3) Resolve Differences Peacefully, (4) Express Religious Tolerance, (5) Respect Women, (6) Uphold Equality, and (7) Retain Privacy. The Phoenician negotiation model transcended the environment of trade relations since it was formed on solidly moral, constructive, and vital grounds.

In the next section, we revisit the distributive and integrative approaches to negotiation and use them as contrast, to highlight in greater detail the pillars of transcendent negotiations and the novelty and value this system of interaction has to offer.

Negotiation Categories

Traditionally, the negotiation literature distinguishes between distributive (win-lose) and integrative negotiations (win-win) (Druckman, 1997; Fisher & Ury, 1991; Lewicki et al., 2007; Patton, 2005; Raiffa, 1982; Schneider & Honeyman, 2006; Zartman & Berman, 1982). We discuss each of these separately.

Distributive or positional negotiations are the most typical daily negotiations, exemplified in the dynamics of haggling or bargaining. Consider a two-party, one-issue negotiation example, such as the case of a negotiation between a seller and a potential buyer of a lot of lands. The seller of the lot has a resistance point, that is, the minimum amount for which he or she will sell the piece of land; he or she will walk away from the deal if a lower sum is offered. Let's assume, for the sake of discussion, that this number is $10,000. The buyer also has a limited budget they are willing to spend to purchase that lot of land; let us assume their resistance point is $50,000. If the seller's offering price is above the buyer's resistance point, the buyer will walk away from the deal (unless, through negotiation, the buyer is able to convince the seller to lower the asking price). If the buyer's resistance point is higher than that of the seller, as, in this example, there exists a zone of possible agreement (ZOPA) in which the final negotiated result is likely to occur. The range of the ZOPA in this example—the span between the buyer's highest potential offer and the seller's lowest potential price—is equal to $40,000; the final negotiation outcome (sales price) will be between $10,000 and $50,000. While this is a large ZOPA, there are many cases in which there is no ZOPA. For example, imagine that the seller was not willing to take less than $30,000, and the buyer was not willing to pay more than $20,000. In such cases, distributive negotiations will fail (unless there is an individual negotiation failure, in which one party makes the mistake of paying more than they can allow themselves to, or of accepting a lower sum than they promised themselves they would).

When no ZOPA exists, creative ideas are necessary in order to reach an agreement. This is where an interest-based negotiation approach may be particularly helpful, as we discuss below. However, even when there is a ZOPA, negotiation will not necessarily be smooth and easy, and the agreement still might not be reached. Expectations and aspirations on both sides affect the final result. If one side doesn't expect much, maybe any result will be satisfactory. However, usually both buyer and seller will not have sufficed with thinking about their walk-away bottom-line sum; they hope to do better than that. To this end, they will have each set a target price based on a reference, expectation, or aspiration. Whoever gives the first offer will set the first anchor, and any counteroffer will set the second one. Typically, this will establish a new range of possible agreements, and then, depending on personalities, culture, persuasive arguments, and more, the final result will be the most likely trend toward the first offer anchor. The final result is unpredictable because it depends not only on aspirations and anchors but also on the reference or market price, the urgency of closing the deal for the buyer or seller, and a host of other psychological, contextual, cultural, and personal factors. Nor is sealing a deal a recipe for party happiness and mutual satisfaction. If the end result is an agreement that is subjectively experienced as being too far from one party's target price, it breeds discontent on one side and opens the door to future deal dissolution. Given the subjective nature of party satisfaction, this discontent can be experienced by both parties, regardless of any objective measure of the outcome.

Another characteristic of distributive negotiation is that it is a zero-sum game. Considering the 100% of the value to be distributed, parties realize that for any one side to increase its percentage, the other side's must decrease, generating a winner and loser if the pie is anything but equally split.

This approach to negotiation is most commonly associated with—and experienced in—bazaars. When you enter a bazaar, such as the Grand Bazaar in Istanbul, the Silk Market in Beijing (Chamoun, Folberg, & Hazlett, 2010; Roberge & Lewicki, 2010), or any town-square market in Central America, the vendor typically sets a high anchor and leaves it to the buyer to decide whether to haggle and initiate a distributive negotiation process. These are short-term negotiations in which both parties have a position of price, time, or quality to be negotiated. Both the buyer and the seller typically have a resistance point, a target price, and a reference or market price, as well as an aspirational price.

Integrative or interest-based negotiation offers a very different approach to negotiation. It seeks to foster a relationship between the parties through communication, for each party to understand the motivations behind the other's positions. As a negotiator, if I know, in depth, my interests as well as those of my counterpart, I can generate options we might both be satisfied with, and ground them in objective measures of legitimacy. Utilizing this approach, negotiators are reminded to look to their interests and opportunities, rather than seeking to bring the other party to its knees. One fundamental concept in this regard is to explore your Best Alternative to a Negotiated Agreement (BATNA). What are your alternatives, if this negotiation does not end in agreement? What are the other party's options? Focusing on both negotiators' interests in the negotiation, and on their alternatives outside of the negotiation, allows them to avoid a power-driven, zero-sum outlook on negotiation and to work together instead to achieve mutual gain (Fisher & Ury, 1991).

One example for understanding the difference between distributive and integrative negotiation is inspired by an example provided by Roger Fisher and William Ury (1991): two girls, Mary and Jane, are negotiating how they should distribute two oranges among themselves. Observers of this situation might overwhelmingly vote for a solution giving an orange to each. This solution seems suitable: each receives value, and value is shared equitably. That would be the distributive solution or positioned-based outcome. However, if the girls' relationship allowed for open communication between them, they can probe to understand each other's interests concerning the oranges. This is where integrative or interest-based negotiation comes in. Consider that, when asked by Mary why she wants the orange, Jane responds that she wants to make orange juice, and thus, needs only the pulp. Mary, on the other hand, tells Jane that she wants to make a cake, and therefore, needs just the orange peel. The two negotiating girls can then generate creative options, such as to give 100% of the pulp to one and 100% of the skin to the other. In this situation, Jane gets two oranges worth of pulp, and Mary gets two oranges worth of peel. Thus, the initial value satisfies multiple stakeholders' needs completely and optimally, and everyone wins.

Both the distributive and the integrative approaches to negotiation are based on a view of human endeavor according to which people strive to obtain a benefit for themselves, albeit through different tacks. They only partially take into account future interactions between the negotiators themselves, and they certainly do not take into account future interactions between the negotiators' descendants or their wider community. However, as suggested above, this is not the only way to view negotiation; this vision can and should be reformulated in light of human virtues (Piepper, 1990). Such virtues that are relevant to negotiation include fortitude, justice, prudence, temperance, and discernment. This virtues-based vision of negotiation underlies the transcendent approach to negotiation that we will we now introduce in detail.

Transcendental or Transcendent Negotiation

Chamoun et al. (2016) introduced the concept of transcendent or transcendental negotiation by formulating an analysis of consciousness upon an anthropological foundation for negotiation. This approach does not negate the aspects of negotiation that involve an interchange of goods; however, it includes within this activity a more transcendental vision. They define negotiation not only as an instrument of purpose but also as a purposeful outcome. Negotiation, they argue, is not only the typical act of haggling or distributive bargaining, and it is not even limited to working together in a creative environment to generate options. It goes beyond these two grasps of negotiation, offered by distributive and integrative negotiation, and couches negotiation in the fundamental human search for permanence and significance for future generations, coined as transgenerational negotiation.

The notion of transcendent or transgenerational negotiation originates in the concept of Tradeables™ (Chamoun & Hazlett, 2007). The Tradeable method identifies those factors which create greater negotiating power and generate value for present and future agreements. Among these factors are ideas and actions that drive the agreement *without* being part of the transaction. Tradeables include products and services that meet the needs of customers that are not in our product line and are not in competition with the present negotiation. For example, a picture that you are selling products and services to a given client, and along the way, you also solve a personal problem for them. Solving a personal problem for your client is a Tradeable. Tradeables are, in fact, things that create greater negotiation capacity for our present or future deals. "Tradeables" literally means "able" to "trade," or bringing trading capacity. Interestingly, if we extract the letters of the word "deal" from Tradeables, we are left with *trabes*, which in Latin means the *beam*—in a sense, the basic structure of the "deal." We explore the advantages that Tradeables provide us to improve the outcome of our negotiations, such as gaining credibility and enhancing the reputation for future generations. When you create Tradeables, you are generating respect and making a mark as a reputable negotiator as well as having an impact on future generations, which includes future interactions between the parties, general developments in society, and, literally, interactions between negotiators' descendants.

When we only focus on the transaction of simple objects or services, we will not necessarily leave a mark on future generations, as we are only focused on doing and having in the present. To transcend is to create the best conditions in the present and consolidate them for future generations, perpetuating ethical negotiations. This connection to ethics logically binds the transcendent negotiator to the pillars of ethical decision-making as espoused by classical philosophers like Aristotle, namely: prudence, justice, fortitude, temperance, and discernment. Using an inductive statistical method, Chamoun, Rabadan, Hazlett, and Alonso (2018) observed that of the 5000 households in Spain participating in a survey, the ones who transcend the most have resilience, which is related to fortitude or ethical behavior toward institutions. This, in turn, is related to justice and ethical behavior toward individuals, which is associated with the common good and the prudence of helping others.

Table 4.1 helps us to understand transcendent negotiation by contrasting it with integrative and distributive negotiation.

Let us further explore the concept of transcendent negotiation by discussing two stories. The first is about a transcendent negotiation with the potential negative consequences of ending the tradition of handmade hat production

Table 4.1 Three different types of negotiations

Type of negotiation	Basis	How parties view each other	How parties view the negotiation process	How parties view a good outcome
Distributive	Positional	Adversaries	Your gain is my loss Short term	Getting as much as you can for your side
Integrative	Interest	Collaborators	Teamwork Long Term	Increasing the value of the negotiation outcome for both parties
Transcendental	Transgenerational	Partners for life	Relational Perpetual	Building a long-lasting negotiation reputation and trustworthy negotiation network

in Becal, a state in Campeche, Mexico, due to the greed of recent generations, unfair competition, and other factors. The second is a pure distributive negotiation environment that creates transcendent negotiations along the Phoenician Route at Toledo, Spain.

Handmade "Jipe" Hats

While visiting the State of Campeche, one of the authors interviewed a woman who, in her childhood, used to help make the famous "Jipe" handmade hats, also known as Panama hats. Becal is a small village, hidden away and far off the traditional tourist beat. According to this source, the whole town was once dedicated to producing hats. Hats were made in the inhabitants' houses, each of which backed up to a cave in which hat workshops were located, for the benefits that humidity offers hat-making. This tradition was passed down for generations. Before visiting the small town, we discovered that the state government helps these craftsmen showcase their products at a state-owned store in the capital city of Campeche. We examined the process of trade between the store and the craftspeople from the village. The hats vary in quality with 7 levels; Level 1 is the least expensive and lowest quality, while level 7 is the most expensive and highest quality. The government program helps the craftsmen not only to value their products (which they used to sell at far lower prices, out of necessity) but also to promote their products in national and international fairs. For example, the community would sell the lowest quality hats to resellers for $5 and the resellers could sell it to the public for around $20. The government store, indeed, had priced the lowest quality hats at $20. We expected that the prices should be higher at the state-owned store than in the local community where the hats are made due to transportation costs and markup. However, when we went to the local caves where the hats were made, we discovered that the price to the public for the same quality hat was about $25—more expensive than at the government store at the end of a supply chain.

As a consequence of this adverse marketing strategy, instead of stimulating the local economy and keeping the tradition ongoing for the next generations, Becal is becoming a ghost town. The owners of the small caverns who haven't yet closed their businesses for good used the government support for marketing, but still do not generate sufficient sales to sustain their business and traditional way of life. Most likely, the tradition will not transcend future generations.

The high anchoring of the price of the low-quality handmade hats at the local caves elevated the price point for high-quality handmade hats beyond the market. Perhaps the community should have leveraged the lesser quality hats to provide even better deals for higher quality hats for those willing to venture to the Becal. It seems that all local stores have set the same reference price and negotiation strategy with customers, so the first offer is anchored very high, but the final negotiated price is similar to the price you can buy the hats anywhere else, failing to transcend.

The Phoenician Route

A few years ago, one of the authors accompanied a group of graduate students from Houston on a study-abroad trip to Europe. The trip was intended to explore the Phoenician route to Cadiz, Spain. Along the way, the group visited places such as Toledo, Spain, where even today one can sense an atmosphere of tolerance and respect for cultural differences. There, the group learned how Muslims, Christians, and Jews had lived in harmony and as a united community characterized by mutual respect—an attitude that was passed down from generation to generation. To experience this cultural particularity, the students conducted in situ real negotiation processes.

One student named John wanted to buy a souvenir from Toledo. He entered a local store and began a game of haggling with the owner. The piece of art was priced at €50, but John offered €25. The owner replied, "No way."

John adjusted the offer upwards to €26, but the owner refused once again. The student made a counteroffer of €27, but the owner continued with the same answer. This went on until the offer reached €40. Then, the instructor stopped the process and privately asked John to ask the owner why it was not possible. The owner, smiling, confessed that he could not sell the piece, because it had a small defect, but if John insisted, the owner could give it to him for €5.

There are very important lessons in that experience. The first is to listen to and understand the other, finding out why he is not agreeing to our offer, what his interests are, and what motivates or demotivates him. True understanding can only follow questioning the shop owner's refusal to sell the piece when the imperfection was unperceivable. What would the owner have lost if he had accepted John's first offer?

The instinctive suggestion that the proprietor wished to avoid reputational damage to his business stemming from John's disappointment once he discovered the defect does not hold up to scrutiny. In reality, John would be unlikely to think that the owner had deceived him. John might just as easily have been angry at himself as at the shopkeeper, for not thoroughly inspecting the piece before making an offer. In addition, he would be thousands of miles away and unlikely to raise a fuss. Why, then, did the owner insist on not selling it without explaining? After the purchase was complete, the owner explained that to sell something in his store is to sell something that represents his community. If a traveler is dissatisfied and complains about anything, price or quality, it generates a bad image of Toledo for future potential customers.

"Would someone from Houston harbor ill feelings of Toledo for buying a defective object years ago?" the owner was asked. "Precisely," he said, "that's what makes Toledo different. Here we care much for reputation." How many businesspeople do you know who would care more about the reputation of their overall community over generating their private profit? Yet, Toledo, which had sheltered Jewish, Christian, and Muslim communities, continues to uphold a commercial spirit of respect that transcends generations. The owner of the store generated Tradeables to John by stopping him from buying something that was not quality.

A transcendental negotiation is based on values and cultural principles. However, we cannot recognize these negotiations unless we listen carefully, and then we must ask the questions necessary to understand the dimension in which the other is negotiating. In short, the transcendental dimension of the owner was not the same as that of John, who was simply practicing the game of haggling.

In conclusion, distributive negotiation is mainly focused on parties' opposed positions, and integrative negotiation goes into a deeper understanding of each position to know the why or why not and discover interests, in order to generate options that satisfy these interests. Transcendental negotiation is an interest-based negotiation with long-term impact that reflects not only on one generation but perhaps on the next generations to come. Returning from the Phoenician trade route to Phoenicia itself, we might recall the negotiations between King David of Israel and King Hiram from Phoenicia that cemented the continuation of the relationship into the next generation, as Hiram's engagement with David's son Solomon saw new heights of commerce in terms of volume (Zondervan, 1984). How is this notion operationalized? We next present the pillars one must employ for generating transgenerational negotiations (Chamoun et al., 2016).

Creating Value from Transactional to Transcendental

As we've stated above, negotiation is not only an instrument of purpose; it has a purposeful outcome. As I engage in negotiation, there is something in me that is growing, putting my whole being at stake. We discuss negotiation in this section through a view that is wider than the typical act of give-and-take or haggling offered by distributive bargaining and even beyond the creative environment for generating options provided by integrative negotiation. This new perspective highlights negotiation's capacity to incorporate a search for permanence and significance for future generations through the notion of transgenerational Tradeables.

Negotiation is a continuous dance of postures in which, through a process of communication and persuasion, negotiators can discover the interests behind the postures. This helps them to generate options to meet the interests of the parties and reach an agreement, or, if not, allows each to seek out and pursue their best alternative. The more negotiators approach their work as an art, however, the more likely they are to shift the interaction from the transactional to the transcendent. Focusing on the simple transaction of objects or services, we will not necessarily leave a mark on future generations, as we are only focused on doing and on having in the present. This horizon, however, can be expanded as negotiation is viewed in new ways.

Our forefathers, perhaps as recently as our grandparents, used to advocate dealing with others on ethical foundations proactively. The family name was worth more than money. Tarnish to the family name could not be compensated because the damage extended several generations. Not long ago, the last name of a person was all you needed to know to decide whether to give them credibility and trust. Moreover, if one asked for a bank loan, the family name reputation was sufficient collateral. If Grandpa had a reliable and reputable business, this provided leverage when his grandson negotiates, as long as the grandson continues to enact the same philosophy that nourished his grandfather's legacy (Eccles, Newquist, & Schatz, 2007). To transcend in business is to create the best conditions in the present and to consolidate them for future generations. To achieve this, we must concentrate on what we are; we must focus on Being.

Transcending the negotiation requires that negotiators keep their word, like their ancestors once did and for the same reasons. A responsibility fulfilled transcends to future generations. Such an overall approach faces significant challenges in today's world, given the decline in clarity that people now have regarding their identity, a decline that results from today's culture homogenizing what were once distinct differences, and dismissing the value of family ownership. Facing up to these challenges requires reinstating the notion of a transgenerational, family-centered reputation while expanding it and adapting it to suit the modern era. This could take the form of cultivating a city-based reputation, as in the example of Toledo, or develop a family, national, or brand reputation tied to an organizational culture that takes into account not only the current or upcoming process but also the perception of the community, family, brand, or corporation 20, 50, or 100 years down the line. In a perfect world, all negotiating parties would take such a transcendental approach to negotiation. However, in reality, negotiators adopting this approach will find they need to take the initiative of educating the other party on the merits of transcendent negotiations. We may risk and compromise short-term profit with this approach, but in the long run, this is a winning approach.

Transcendental negotiation involves adopting a series of principles, pillars that are rooted in ethics that form, in the end, the bedrock of civilization. These pillars are prudence, justice, fortitude, temperance, and discernment.

Prudence

The word prudence comes from the Latin *prudentia*, which comes from *pro-Videntia*, meaning "who sees in advance." Only the one who is prudent can be wise, fair, strong, and temperate. The imprudent, however, is far from being fair and strong, as any courage they display actually relates to a personal and highly subjective interest.

Prudence is an essential trait for negotiators to adopt. Foresight—analyzing the future situation and preparing for it through paying close attention to detail—is vital for negotiation success. As an example, a prudent negotiator says the right thing at the right time. For instance, if someone is buying a car, a prudent negotiator will not just show up at the car dealership and purchase the first vehicle he sees. Instead, the prudent negotiator will first calculate his budget, how much he can spend, and what kind of car he can afford to purchase. The prudent negotiator will test drive several cars and go to several dealerships, look at consumer reports, and request information from friends and family until finding the car that suits best.

Justice

Justice as a human virtue ultimately manifests in the form of an inner motivational force, posing an alternative to a plain desire for power. In negotiation, in order to be fair, you do not need the *potestas* (power) as much as the *authorities* (authority). The philosopher Giovanni Sartori (1985) says that those in authority are in a position to enforce, confirm, or sanction a course of action or thought. Power and authority are separate but related concepts. A manager in an organization has authority if he or she has the right to direct the activities of others and expect them to respond with appropriate actions to attain organizational purposes. *Authority* most often comes from the duties and responsibilities delegated to a position holder in a bureaucratic structure. *Power* is the possession of authority, control, or influence by which a person influences the actions of others, either by direct authority or by some other, more intangible means. A prime source of power is the possession of knowledge. Power can reinforce authority, and authority is one of the primary sources of power. For example, as a teenager, one of the authors worked at his father's store and noticed an opportunity to increase the price of the products due to their scarcity; prices could easily have been increased by 30%, as the store was their sole distributor in town. However, his father explicitly told him that this course of action wasn't fair to the people of the town. A fair or just negotiation is better than a win-lose or win-win. It is important to apply justice to the negotiation process because it is at the core of robust negotiations and long-term business relationships.

Fortitude

Fortitude is the moral virtue that gives us, in the midst of difficulties, firmness and confidence to continue on the path of good. The same co-author once worked on an engineering and construction project proposal with a client who had assigned to the company the scope of re-engineering services. The total investment of the services exceeded $40 million. After evaluating the project with an expert of our company, we would have to explain to the customer that to do a simple re-engineering project would not have a significant impact; it would be unethical for us do the work without clarifying this issue with him. We were about to reject a project worth many millions of dollars to the company for which the author worked, but he had the fortitude to explain the issue to the person to whom he reported internally in the company. Being fired was a possibility, but internal responsibility was not negotiable. Fortunately, both the client and the company management had a very clear sense of ethics and professional values. If that were not the case, they would probably have accepted the job and changed personnel assignments. As a result of our honest actions, we later carried out a $100 million engineering and construction project for that same customer.

Being strong, tempered, and ethical is very profitable in the long term. Fortitude must always aspire to be the shining emblem of the final invulnerability. As St. Thomas says, "By patience man remains in possession of his soul." Furthermore, it's not about projecting an image of weakness. On the contrary, we believe firmly that this is to be really strong. The true strength, continues St. Thomas, is positively related to anger, for this works to attack evil and defend good (Aquinas, 1274). The courageous use of anger has no other value than a "temporary emergency resource," for example, the memorable moment when Jesus entered the temple of Jerusalem and used anger to evict the traders who had made this sacred place into a profane place (Zondervan, 1984). Anger, therefore, is an educational resource and not a relief or a violent expression of power.

Temperance

In negotiation situations, we need to recognize and successfully navigate the interaction's emotional and cultural dimensions in order to avoid misunderstandings. Temperance, or self-control, is a virtue that integrates all the faculties of the human being in a harmonious way. Sensitivity is one of those faculties. Touching, motions, and persuading with your hands, connect negotiators to their own subconscious and their counterpart's as well, aligning the verbal with the nonverbal.

Discernment

Discernment is essential in the process of understanding our reality. In Greek, *krinein*, which means screening or separating, refers to the psychological and spiritual discipline that allows us to distinguish thoughts and feelings and evaluate actions. It is the practical application of the virtue of prudence. Discernment helps us to make distinctions between things that, a priori, seem to have the same value, but in fact do not.

All human beings have the capacity for discernment. In exercising discernment, we use three of our dimensions: intelligence, affectivity, and will. The ability to discern frees the subject, for example, from more or less explicit influence of harmful people. Hence, our negotiation model places more emphasis on the rational and emotional dimensions of the subject, while the purely instinctive behavior is to compete to win. Our model of the human being is not moved by blind or capricious instinctual impulses but by a sensitive intelligence. Discernment has an instrumental value, not the end, but the means through which we are prepared to navigate to a decision. Choosing involves discerning well, so it is instrumental to a good negotiator.

All of these pillars support adopting a transcendent approach to negotiation, one which includes mindfulness to future interactions between the parties, interactions between negotiators' descendants, and as general developments in society. In this vein, Pope Francis spoke (Francis I, 2015, p. 159):

> The notion of common good also involves future generations. When we think of the situation when you leave the planet for future generations, enter into another logic, that of the free gift we receive and pass on. If the land is given to us, we can no longer think only from a utilitarian criterion of efficiency and productivity for individual profit. We're not talking about an optional attitude, but a fundamental question of justice, since the earth we have received also belongs to those who come.

Another example of fortitude, temperance, and discernment involves negotiators going against the flow and fighting for their principles, even when this is not the most popular course of action. One of the authors' daughters, as a sixth grader, wrote a letter to several Congressmen in the House of Representatives and to all the governmental institutions she could identify—including President Obama—explaining that the orchestra and academic budgets were going to be cut at her middle school. She had the fortitude to petition them not to cut the budget. Her letter was read on the floor of the

House of Representatives by Congressman Sylvester Turner (who later became the mayor of Houston). The school budget wasn't cut. This is an example of using the pillars described in this chapter that allow the negotiator to transcend.

Hallmarks of a Transcendent Approach to Negotiation

Relatively new, the transcendent approach to negotiation has yet to develop a full process model. However, even at this early stage, we can identify certain hallmarks of a transcendent practice; the more of these you bring to bear in your negotiation, in an effort to transcend a narrow focus on the current interaction, the more closely aligned you will be with a transcendent approach:

(a) Search for inner peace
(b) Control your emotions
(c) Harmonize your thoughts and feelings
(d) Confirm your direction
(e) Realize that the negotiation process is as important as its outcome
(f) Identify potential bottlenecks where the negotiation process could get stuck
(g) Differentiate reality from expectations
(h) Use truthfulness at all cost
(i) Use a style that is more collaborative than competitive
(j) Be just and fair
(k) Align the impact of your negotiation with your sense of social responsibility
(l) Consider the effect of your negotiation decision on the communities to which you belong
(m) Continuously improve your negotiation skills
(n) Learn from your losses
(o) Distinguish fair from unfair
(p) Be patient
(q) Be free of stereotypes
(r) Distinguish between your relative and your absolute values
(s) Have conviction
(t) Always double-check your strategy

Final Thoughts

As we have mentioned above, transcendent negotiations have been recorded at least since the time of Herodotus (1997). Chamoun and Hazlett (2007) described how the Phoenicians build a long-lasting negotiation reputation and reliable negotiation network. However, it takes a new perspective on negotiation interactions to recognize their approach, as well as that applied by some modern-day negotiators, as transcendent. To this end, we have provided several anecdotal examples of negotiations to illustrate particular dimensions of the transcendental negotiation.

Revisiting our Toledo story, the owner of the store could have gotten a better deal from positional negotiation by accepting the first offer of John's €25 or even by making a counterproposal of €40. The proprietor's willingness—even eagerness—to avoid such gain, under the circumstances, provides a clear example of how a party can view reputation as more important than the outcome of a deal. This exemplifies how a transcendent negotiator acts—not out of greed but out of principles based on reputation.

This chapter would not be complete without some thoughts on how we might spread the transcendent approach to negotiation to others through negotiation education. We can teach transcendent negotiation by including, in our negotiation courses, reflection exercises in which students will demonstrate their understanding of the notion that to be prudent is more important than to be pragmatic. Students can be asked to reflect honestly on their degree of consideration for others or whether they tend to focus on satisfying their own needs and the other's needs without considering the impact of their process and agreement on future generations. Educators can emphasize the art of being strong and temperate in the negotiation, as well as being discerning, and design exercises to bring all these points into the class discussion. One exercise for bringing transcendent negotiation into the classroom example might involve designing a role-play simulating the Toledo story. Students who play the role of the owner of the store will know ahead of time that what they are selling is defective, although this is not noticeable. Students representing John will not be provided any information about a defect—only about their desire to purchase the item and their resources. Debriefing this exercise will give a rich conversation about the pros and cons of different courses of actions in such situations, allowing the introduction of the concept of transcendent negotiations. A further exercise for experiencing the difference between transcendent and non-transcendent negotiation would be to assess students' degree of satisfaction or happiness with the negotiation after they reach an agreement and then once again a month later. If students express remorse at the deal, this is a sign of a non-transcendent negotiation.

The potential to divert from a transactional negotiation to a transcendent one can be embedded in other course simulations, making this a recurring course theme. For example, having conducted a simulation in which the transactional/transcendent crossroads is integrated with a simple distributive negotiation case, such as the Toledo story, a similar opportunity can be embedded in an integrative negotiation simulation.

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5

Negotiating with Information and Communication Technology in a Cross-Cultural World

Noam Ebner

Introduction

Reading this book—or any book on negotiation, for that matter—you might easily surmise that negotiation always involves an in-person interaction at a physical spot, at which two or more people convene to discuss whatever it is they are in need of. In today's world, this couldn't be further from the truth. Many of our negotiations now take place without physical convening. As so many of our long-held behaviors have changed—such as the way we shop, bank, connect with family and friends, and conduct research—our negotiation interactions have changed as well. Negotiators interact with each other online, through a range of channels made possible by information and communication technology (ICT). This holds particularly true with regard to international business. The ever-increasing spread of international business requires the average company to have far more contact with foreign counterparts than only a generation ago. Negotiating online, as opposed to travelling for in-person negotiation, enables more nimble and timely decision-making, allows for disputes to be resolved before parties have had time to simmer, saves travel and accommodation costs (in addition to wear and tear on travelling negotiators), and entails environmental benefits as well (Ebner & Getz, 2012).

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While many negotiators have needed to work hard to figure out how best to incorporate ICT in their work, others—particularly those born into a digital world—find doing this quite natural. Still, no matter what generation you were born in, and no matter how intuitive your use of ICT is, you still must understand how negotiation is affected by its use in order to succeed in negotiation interactions.

What are the differences between interactional modes? How do in-person encounters differ from those held through ICT channels? This chapter addresses these questions by explaining the notion that the communication channel through which communication occurs *always* affects the message that is transmitted and received. These effects are called 'media effects.' The chapter goes on to describe the use of a range of ICT media for negotiation, discussing the media effects related to each one and explaining how they differ from each other—both in their use and in their effects on negotiation. The chapter expands on the three leading ICT channels currently used for negotiation. First, longest, and most detailed is the discussion of negotiating through email—the medium enjoying the widest use for negotiation and the one to be most thoroughly researched. This is followed by shorter discussions focusing on negotiating via videoconferencing and conducting negotiation processes by means of text messaging. Understanding the core characteristics of each type of ICT channel should help in deciding which media to prefer for any given negotiation. Moreover, it brings the notion of intentional choice of communication channel to center stage. The chapter provides some suggestions for conducting such media choice.

Next, the chapter introduces a different use of ICT for negotiation, one that goes beyond providing interactional channels. Negotiation Support Systems (NSS) are software that provide negotiators with a framework and structure for their negotiation, offer information and advice, and/or provide solutions. Many of these are in development; several have already hit the market and are available for use by negotiators. What might be the effects of incorporating artificial intelligence into negotiation? The chapter discusses these platforms, even while knowing that—given trends in today's world—the future will bring far more sophisticated software to the negotiation table.

Finally, the chapter discusses, in the context of this book, the benefits and challenges of utilizing ICT-based communication media for international cross-cultural negotiation in today's business world.

Media Effects

Communications theory suggests that communication never happens in a vacuum; it always takes place via a channel—and that channel affects the communication it supports, significantly. It constantly affects the types of information negotiators share and its extent and the psychological frames that determine how this information is transmitted, received, and interpreted (Carnevale & Probst, 1997; Friedman & Currall, 2003). As a communicator and a negotiator, you have often made decisions as to whether to meet with someone face-to-face, write an email, or pick up the phone—correctly following your intuition that choosing the right medium will help you to get your point across, to understand your counterpart better, or to support the interaction in other ways. In each case, you chose to use a particular setting or channel. What underlies these choices? Why do media channels affect communication differently?

Zoe Barsness and Anita Bhappu (2004) explain that these differences stem from two dimensions of communication media:

Media richness: This term indicates the degree to which a communication medium can to convey contextual cues. These cues—including body language, tone, facial expressions, pace of speech, and so on—convey a startling percentage of any message's meaning. Face-to-face communication is considered to be the gold standard 'rich' medium—given that it supports all of these cues. One may wonder, of course, whether the future holds even richer media in wait for human communication. However, for the time being, face-to-face communication is the communication channel against which all others are measured for richness—whether by virtue of its inherent richness or of the fact that, simply, we are most used to it. Considering media richness, we might rank videoconferencing as the next richest media followed by email, with text messaging ranking as the leanest media of them all. The less we see of the other's gestures or facial expressions, the less we hear their tone of voice, the leaner the medium. And, as we range into text-based interactions, the less the textual interaction includes cues hinting at mood, intent, intention, and so on, the leaner it is.

What happens when we are denied the contextual cues we are used to receiving, owing to most of our communication experience being in face-to-face settings? In lean media channels, negotiators both transmit and receive information differently. On the transmitting side, this affects both presentation style and content. For example, while using lean channels, negotiators tend toward logical argumentation and fact presentation rather than use of emotional or personal appeals (Barsness & Bhappu, 2004); additionally, they are more task-oriented and depersonalized (Kemp & Rutter, 1982).

Message receiving is also affected by media richness. While communicating through lean media, negotiators work with what they have—the actual *content* of messages (Ocker & Yaverbaum, 1999). This spotlights the importance of the words that are chosen. As we know, in face-to-face interactions, the spoken word is by no means the most important part of the message; in fact, it only accounts for 7% of the meaning that our counterpart infers (see Thompson, Ebner, & Giddings, 2017).

Interactivity: This term relates to the capacity of any medium to convey a seamless flow of information between interlocutors (Kraut, Galegher, Fish, & Chalfonte, 1992). Interactivity has two dimensions. The first involves the *synchronicity* of interactions. Face-to-face communication is synchronous. Each party hears the message just when it is uttered; there is no time lag, and speaking 'turns' tend to occur sequentially, with occasional interruptions. Interacting via postal mail, to give an extreme example, is significantly *asynchronous*: Weeks and months can go by before one receives the other's letter, and thanks to the vagaries of postal services around the world, letters can arrive out of order. The second dimension of interactivity involves parallel processing—a given channel's capacity for simultaneous message transmission. Face-to-face communication includes overt parallel processing; excited negotiators might speak at once and process (at least parts) of what they and the other have said. Importantly, they are *aware* that this is happening—as opposed to two people writing each other multiple letters in a row, without knowing that their counterpart is also churning out letters.

While there are other ways to describe channel difference and media effects, interactivity and media richness are most significant in terms of the medium's effects on the message. Familiarity with these two dimensions provides you with an understanding of media characteristics to apply when considering any old-fashioned or ICT channel, from smoke signals to videoconferencing—and in addition, those that lie in our future, such as holographic entreaties to 'Save me, Obi-Wan Kenobi' (holography is a technology advancing in large strides, and one that might be used by negotiators sooner than many imagine; see, e.g., Deamer, 2017): Is it a rich media, as opposed to a lean one? Does it allow for parallel processing, or does it require communicators to take turns? Is communication conducted synchronously or asynchronously?

We will put these elements of media analysis to work, to explain how different media affect negotiation.

Negotiation via Email

Media Characteristics

The negotiation literature consistently regards email—the ICT channel most commonly used for formal negotiations—as a lean medium, given the centrality of text in email usage. Lacking visual or aural contextual cues, most of its use involves words. Of course, richness can be augmented by attaching images, videos, or other non-textual material. Email allows for unwitting parallel processing—I can send you a letter, and then send you a follow-up without having seen that you responded to the first; this is known as 'crossing messages' and is the source of many a confusion. The negotiation literature also consistently defines email as asynchronous (e.g., Barsness & Bhappu, 2004).

Knowing it to be a lean, asynchronous media, allowing for covert parallel processing, what can we say about using email for negotiators? On the transmission side, asynchronous communication is likely to accentuate analytical-rational expression of information, as opposed to an intuitive-experiential mode (Epstein, Pacini, Denes-Raj, & Heier, 1996). As negotiators are different with regard to their comfort with each of these modes, email is likely to favor negotiators who tend to rely on logic and deduction, logical reasoning, and persuasion via fact presentation. Other negotiators who tend toward emotional appeals and personal story sharing (Gelfand & Dyer, 2000) may find themselves out of their element. On the receiving side, email is fraught with high 'understanding costs.' Lacking contextual cues, negotiators' basic ability to understand the other's messages is impinged upon. Waiting different periods of time between messages and responses and the possibility of covertly crossing messages also challenge accurate message decoding (Clark & Brennan, 1991).

As if all this is not complex enough, I note that while email is, as noted above, usually categorized as an asynchronous channel, this is not a fully accurate portrayal of the medium—particularly, in its contemporary mode of employment. Indeed, even in the past, email interaction was sometimes near-synchronous, with two people sitting at their computers and sending messages back-and-forth continuously. However, as this was not its primary mode of use, email remained categorized as asynchronous. A fundamental shift in hardware, though, has fundamentally changed this. With the proliferation of the smartphone, we now carry our inboxes around with us in our pockets; we are hyper-alert to notifications of incoming messages, and we can respond instantly with no need to wait until we get back to our computers. Indeed, most emails now are read on mobile devices rather than desktop or laptop computers. As a result, I suggest that relating to email as a 'semi-synchronous' communication media will help us to better understand its use in negotiation. We sometimes use email in a near-synchronous form (close to how we use text messaging, involving a rapid back-and-forth interaction with short messages); other times, we use email in a much slower, asynchronous manner, similar to how we once sent postal mail back-and-forth with long intervals between messages. Rather than classifying the medium as categorically involving one form of synchronocity or another, we would do better to relate to specific interactions and patterns of use we have with specific counterparts—are they more, or less, synchronous? And, we would do well to be aware that whereas we might see and categorize an interaction one way or another, our counterpart might view the tool or the interaction differently; to summarize, all this boils down to the suggestion that as email evolves, and our uses of it diversify and change, our perceptions and expectations of email media similarly evolve and become more nuanced (Ebner, 2014). And, clearly, if there is any merit to this suggestion of 'near-synchronicity' and of focusing on specific interaction patterns rather than the media as a whole, new follow-up research on email's media effects is required. Meanwhile, though, the discussion above summarizes the state of our understanding of email's media effects.

Challenges

Negotiators face seven major challenges, when interacting via email (Ebner, 2014, 2017a):

Increased contentiousness: Communication at a distance is far more susceptible to disruption than conversations taking place face-to-face. Email, it seems, poses interactants with particularly tough challenges. Interacting via email, people tend to act more aggressively, and interpret the other's messages as being more aggressive, than they tend to in face-to-face communication. Email negotiators are more likely than face-to-face negotiators to threaten; to employ an ultimatum (Morris, Nadler, Kurtzberg, & Thompson, 2002); to lie or mislead (Naquin, Kurtzberg, & Belkin, 2010); and to engage in flaming (sharp, sudden escalation) (Thompson & Nadler, 2002).

Less process cooperation: As we've discussed, the lean nature of email affects its tone, focus, and content. The information we exchange in an email is likely to be constrained and analytical. It should, therefore, come as no surprise that, often, negotiators are not able to understand their counterpart fully, far less, to deeply understand the interests behind their positions. As a result, assessing differential preferences and identifying areas for joint gain is very difficult. Faced with this, their inclination to engage in cooperative activity declines. Lean media reduces social awareness; as a result, parties engage in self-interested behavior. Focused inwardly, they act more competitively. All of these factors lead email negotiators toward reduced process cooperation. Parties focus on the other person rather than on the problem and, as they do, information sharing decreases. This explains why use of email may lead to more competitive behavior in negotiations (Barsness & Bhappu, 2004). Parties to email negotiation do not only *act* uncooperatively—they feel *justified* in choosing this pattern of behavior (Naquin, Kurtzberg, & Belkin, 2008). Couple email's high tendency for competitive behavior and its low conduciveness to information-sharing with the ease of abandoning an email negotiation process in the middle (see below), and you have a recipe for diminished process cooperation.

Fewer integrative outcomes: Partially related to the previous point, email negotiations result in lower rates of agreement (Bülow, 2011; Croson, 1999) and lower rates of integrative outcomes (Arunachalam & Dilla, 1995; Valley et al., 1998). There is some conflicting research on this last point (see Galin, Gross, & Gosalker, 2007; Nadler & Shestowsky, 2006; Naquin & Paulson, 2003); still, it seems as if negotiators seeking integrative agreements need to work extra hard to succeed when interacting via email.

Diminished trust: Trust is tricky enough to maintain under the best of circumstances, and it is challenged by any form of ICT-based communication. Email is particularly unconducive to trust forming. This low trust level persists throughout the course of the negotiation, explaining diminished process cooperation and information sharing (Naquin & Paulson, 2003) as discussed above. Even after finalizing an agreement with their counterparts, email negotiators trust them less than participants in face-to-face negotiations and express lower degrees of desire to interact with them in the future (Naquin & Paulson, 2003). The reasons for the distrust inherent in email are unclear. It has been suggested that people may act more deceptively when communicating through lean media (Zhou, Burgoon, Twitchell, Qin, & Nunamaker, 2004). However, actual lies may be less of a problem than *perceived* lies; email negotiators are more likely to *suspect* their counterpart of lying, even when no deception is committed (Thompson & Nadler, 2002).

Diminished privacy: Maintaining a negotiation process' privacy is never an easy task. No matter what you might ask your counterpart to sign, they can, and do, share at least some information about the negotiation with others—their spouse, their boss, and so on. However, at the very least, you can sit together in an office behind a closed door. In email negotiation, there is no private setting; your counterpart's boss or colleague might be 'in the room' with you, without your knowing. Your messages are permanently archived and are beyond your control. Any information you share with your counterpart might wind up being exposed—owing to their bad intentions or to mistakes. You, I, and everybody else who uses email regularly have all had the experience of clicking 'reply all' rather than 'reply,' sending a personal message into a public domain.

Increased attribution errors: Email communication amplifies attribution errors—the negative effect of the shortcuts our brains take to make quick meaning of messages and situations. Accordingly, we interpret our counterpart's messages, judge their very character, and assess their intentions toward us, negatively. Attribution errors lead to misinterpreted messages—particularly in lean media. Email doesn't provide for checking in quickly to clarify intentions as face-to-face conversation does. As a result, our quick, negative, interpretation is likely to take hold. Have you ever read an email you've received and simply not understood why your counterpart seemed so annoyed or aggressive with you? This is attribution at play; the other party may not be angry or aggressive at all, yet that's how our brains interpret their words.

Diminished party commitment: Participating in negotiation via email takes very little effort. You don't even have to get dressed and go to the office! With no sunk costs, parties might declare impasse quickly. One party might even 'ghost' the other—simply ceasing to respond to their messages.

Diminished focus: In the digital age, human attention span is decreasing. We explain this by saying we are multitasking—but, in truth, we are not as good at multitasking as some of us like to think we are, and we pay a price for our multitasking. Heavy multitaskers suffer a range of shortcomings that are pertinent to negotiation: They are not good at filtering out irrelevant information, are easily distracted, have low detail recall, and a part of their mind always remains focused on the task they are *not* performing (See Microsoft, 2015; Ofir, Nass, & Wagner, 2009). Our work environments and the apps and software on our devices are rife with distractions. The fact that we are now untethered to a modem and can write negotiation emails at a ball game or rock concert also contributes to this. Negotiators who multitask while they are negotiating, in the form of reading messages on a smartphone while negotiating face-to-face, have been found to achieve lower outcomes (Krishnan, Kurtzberg, & Naquin, 2014). [For more on attention and negotiation in the digital age, see Chap. 10 in this book and Newell (2017).]

Even if you are fully concentrating and focused, you still may suffer other forms of poor recollection and disorientation when negotiating through email. This is a result of asynchronicity. I might respond to a letter you wrote me a week ago without rereading it as I sat down to respond. What details or nuance may have slipped my mind in the interim?

Best Practices in Negotiating via Email

Despite this list of challenges, email can be used effectively by negotiators. A little awareness to these challenges goes a long way toward overcoming their adverse effects. Email eliminates distance between parties, allowing them to connect whether they are in adjacent offices or on opposite sides of the world—and to do so at their convenience, a benefit of email's asynchronicity. Many techniques have been developed for overcoming the challenges described in this chapter (see, e.g., Ebner, 2017a); here are four overall suggestions which will contribute to your mastery of this medium:

Build rapport: When meeting someone face-to-face, the interactions usually include natural opportunities for light conversation to take place occur. Parties might meet in the elevator, walk to a meeting room together, or exchange pleasantries about the weather (or complaints about traffic). Still other opportunities crop up over the course of the negotiation interaction. These interactions build rapport. Lacking these natural points for rapport building in email interactions, you must initiate them intentionally. At the beginning of the negotiation and as it develops, identify opportunities to inject light conversation into your email exchange. Let some personal details about you slip into the conversation. If you are travelling, tell the other person where you are writing them from. If you learn of something newsworthy—distressing *or* happy—going on in their city, note it in your next email. If the other person shares something personal—a trip they've taken, a story about their child—they are opening a door for you. Walk into it, by sharing something about yourself the next time you write. If you can humanize yourself to the other rather than being seen as an inbox at the other side of the world, you will reduce their level of suspicion and their tendency toward negative attribution.

Need cooperation? Talk the talk: If you wish to engage in a cooperative negotiation process, set the tone for it through intentional choice of words (e.g., 'I'm glad we're working together on this,' or 'I look forward to a constructive process'). To prompt your counterpart toward engaging with you in integrative negotiation, use integrative language (e.g., 'I look forward to finding mutually beneficial outcomes,' or 'I bet we could expand the pie so that both our companies will benefit!').

Respond promptly: You are probably familiar with the anxiety encountered when you've sent off an important email and have not heard back. Did my counterpart receive it? Why are they not responding? The semi-synchronous nature of email creates expectations of quick response—and yet, we all know that an email can sit in our own inbox for a week for no particular reason. Still, when our counterpart does not respond promptly, doubt and anxiety seep into our mind. Try to avoid having your counterpart affected in this way. Unable to answer promptly to a message you've received? Prefer to wait till your boss gets back to you with an answer, before responding to your counterpart? Drop them a quick note, telling them you will respond as soon as you are able to.

Above all, clarity: Always—*always*—read your email once again just before you send click send. Will your meaning be clear to someone other than yourself? Did you use any ambiguous language? Remember, you can always ask a friend or a colleague to review the email before sending it and tell you what they've understood it to mean. Additionally, you can invite your counterpart to clarify anything that is unclear in your email.

Negotiation via Videoconferencing

Most people don't realize that the fundamental technology required for videoconferencing has been extant for nearly a century. For a variety of reasons, it became a widespread mode of communication only toward the end of the first decade of the twenty-first century, when, in addition to most laptops incorporating built-in webcams, the iPhone 4 smartphone was launched with a front-facing camera (ushering in the era of selfies and the era of videoconferencing in one fell swoop). As a result, very little research exists regarding the use of videoconferencing for negotiation. This section, therefore, must draw more on our understanding of media effects, and less on specific research, to understand the challenges and opportunities this media offers to negotiators.

Media Characteristics

Videoconferencing is a very rich medium. It conveys aural and visual input, providing tone, facial expressions, and other nonverbal cues. Communication is synchronous (although, some phone-based apps utilize asynchronous video messaging), and the channel allows for parallel processing; a negotiator can nod their head as the other person talks, and both messages simultaneously convey. On the other hand, the media is usually less than perfect in conveying both parties vocalizing and hearing simultaneously; in addition, transmission lags and screen freezes still commonly occur.

Benefits

After being cue-starved by the lean media of email for so long, videoconferencing seems to many to be a perfect ICT channel for negotiation. Videoconferencing has returned the 'human element' to online communication. Parties seeing each other synchronously supports rapport, understanding, and trust. The overall setting replicates the setting that many negotiators view as 'natural' for negotiation—a face-to-face, at-the-table interaction. Synchronous communication allows parties to work things out in a single session, sparing them the protracted back-and-forth of email communication. Finally, synchronous communication enables negotiators to pin down their counterpart on a question or an issue that may never have received an answer in email exchanges.

Challenges

Videoconferencing imposes higher technical demands for hardware and bandwidth than email does. In some parts of the world, this is not an issue; on others, it certainly is. Videoconferencing involves synchronicity—a blessing for some issues but a challenge when communicating across multiple time zones. Synchronicity also imposes limitations: You can't engage in a formal negotiation process via videoconferencing while in bed or at the beach. Initiating or participating in videoconferencing does not require great technological expertise, yet is certainly more challenging than writing an email. Privacy can *never* be ensured. There is simply no way to prevent one party from recording a videoconferencing interaction using screen-capture software or by aiming a hidden camera at the computer screen.

My own sense is that the biggest challenges that will emerge regarding use of videoconferencing for negotiation will have their roots in what initially seems to be its main benefit: Its similarity to face-to-face interaction. As one example, consider how seeing the other person and engaging in conversation with them might make us feel as if we are alone with them. As a result, we set privacy concerns aside. We ignore the fact that we do not see most of what is going on, on the other side of the conversation, given that we see the area captured by your counterpart's camera. Someone else may be in the room, without us knowing. Even more challenging is that this illusion of sameness leads us to assume that we can now read our counterpart's nonverbal cues just as we do in face-to-face communication. In reality, this would be a risky assumption to make. Perhaps the poor quality of our counterpart's hardware provides us with blurry video or tinny audio? Perhaps internet micro-lags degrade our perception of aural and visual cues? We might notice our counterparts smile, yet remain oblivious to cues occurring outside of their camera's capture, such as their nervous fidgeting beneath the table. Finally, for all the wonders of videoconferencing, we are still not playing with a full deck of cues—given that videoconferencing does not convey cues of smell or touch. And yet, we are likely to interpret the cues we do observe, under the false impression that we have a complete set of contextual cues.

Best Practices

Keep the recommendations made above regarding email communication in mind. Many of them relate, generally, to overcoming a sense of distance and otherness—that may still need overcoming (albeit to a lesser extent) in videoconferencing negotiation. Beyond these, two practical recommendations can be made, with regard to eye contact and to camera and screen positioning, that may affect the negotiation:

Be mindful of gaze: Much of the sense of artificiality that exists in videoconferencing owes to the lack of eye contact. Beyond the inherent artificiality of the technologically-mediated interaction, there is a simple challenge of angles: When you look into your counterpart's eyes (on your screen), they see you as looking elsewhere—usually, downwards. This, as webcams are usually located higher than your eye height. In laptops, for example, they are generally positioned at the top center of the screen. There are two ways to alleviate this—admittedly, imperfect ways. One is to gaze directly into the camera. This, however, necessitates you forgo viewing the other party and noting their body language, surroundings, and so on. Another is to arrange your screen (to the extent that the videoconferencing software you are using allows this) so that your counterpart's image is as close to your webcam as it can be—increasing the sense of eye contact by reducing the angle discussed above (Ebner, 2017b).

Be mindful of webcam positioning: The positioning of the webcam vis-à-vis the negotiator alters the way that the negotiator shows up on their counterpart's screen—and how their counterpart perceives them, as a result. Just a little awareness can help you affect the way you are perceived by your counterpart. Be mindful to the distance between you and your webcam, so that the image it shows your counterpart is not too close (a face-only image) or too far (which will result in your counterpart viewing blurry or low-resolution video of you), resulting in reduced accuracy in interpreting your own body language. Aim for a camera position that allows your counterpart to see your face as well as some of your body language, so that you can incorporate hand gestures and facial expressions into your communication (Ebner, 2017b).

Negotiation via Text Messaging

As time goes by, the number of negotiators who realize (and are willing to admit) that they negotiate via text messaging is on the rise. Given the ever-spreading use of text messaging (including phone-based Short Message Service (SMS) message and app-based messaging such as WhatsApp, WeChat, Facebook Messenger, direct messaging on Twitter, Instagram Direct, and others) and the wide definition of negotiation discussed at the beginning of this book, it is inevitable that we will all, at some point, conduct negotiation processes or parts of negotiation process through this channel. Currently, many professionals I ask at trainings or professional meetings deny that they would never use text messages for formal negotiation. I don't argue or laugh—even when I remember them saying the same thing about email, just a decade ago. Use of text messaging for negotiation, I suggest, will evolve similarly, becoming such a ubiquitous part of our communications toolbox that we will forget we ever limited its use to certain types of relationships or nonprofessional contexts.

Media Characteristics

In looking at how people use text messaging, there seems to be a discontinuity between the types of communication it seems fit to support and those interactions for it is actually used. Applying a media richness lens would indicate that text messaging is a lean media, even more so than email. Email's emphasizing tools—italics, bold font, and underlining—are unavailable in text messaging. Similarly, organizational tools—bullets, separating paragraphs—often used for clarifying intent are often not available in text messaging. What remains to negotiators, other than straight text? Capital letters for emphasis, and emoticons. The medium draws people into using informal style (historically, owing to character limitations; currently, owing to habit and to the laborious (to some) process of pecking out messages on a phone rather than on a full keyboard).

On the other hand, text messaging poses the perfect medium for short, snappy interactions—quick messages, a high degree of interactivity, and some parallel processing. Still, as discussed above with regard to email, text messaging defies strict categorization as synchronous or asynchronous. It is often used synchronously or very-near-synchronously; sometimes, however, people allow time to pass before responding; text messaging might be yet another form of near-synchronous communication. The difference between the two might be best discussed in terms of expectations. We tend to expect relatively quick responses when communicating via text messages; communicating via email, we might expect longer lags. Of course, each party's expectations are largely informed by their own habits with regard to each medium, which might be very different than their counterpart's practices.

This media richness analysis would seem to indicate that text messaging is a lean media, unconducive to long, detailed conversations, accurate transmission, and interpretation of messages and relationship support. Or, in a nutshell, a medium you might easily hesitate to negotiate over (Ebner, 2017c).

And yet, much of the research on text messaging runs counter to these conclusion, finding it to be linguistically simpler, more personal, and more effective than phone calls, a medium many would see as richer (Holtgraves & Paul, 2013). Surprisingly, text messaging is the medium through which people feel *most* able to honestly express their feelings (Crosswhite, Rice, & Asay, 2014). It is certainly the media of choice for young people, who use it for connecting, interacting, fighting, and making up—or breaking up (Forgays, Hyman, & Schreiber, 2014), maintaining family relationships (Crosswhite et al., 2014), forming and supporting romantic relationships, and engaging in sexual activity (see, e.g., Drouin & Landgraff, 2012; Luo & Tuney, 2015). In short, many people, particularly younger people, use text messaging for a wide variety of communicative and relational purposes, much as we'd expect them to use a rich media. How is that possible?

Two paths might explain this divergence from what would be expected based on a media richness analysis: Either text messaging is a richer medium than initially thought, or it is *perceived* by to be richer, and is therefore being *used* as such. As it turns out, both of these are probably true.

Text messaging—particularly that conducted before the smartphone era—was originally heavily text oriented. Character-based emoticons, for example, were the only cues that could be added—and this was often discouraged. However, it has evolved significantly, in terms of the cues it enables. Most SMS and messaging apps have abandoned their original character limitations (many originally had limitations of 160 characters), allowing people to send messages as long and detailed as emails, should they wish. Even Twitter, whose 140-character limit had become part of its brand—has expanded tweets to 280 characters and direct messages to a cap of 10,000. Ambiguous, character-based emoticons have been largely supplanted by a wide range of colorful and even animated emoji. In fact, given the special role that emojis play in text messaging (after having been waved aside as unprofessional for a long time in the context of email), this is the right place to note that a recent metareview of 50 empirical studies on the use of emoticon, emoji, and stickers showed that their proper use—particularly use of *positive* emoticons—is conducive to relationship formation and cognitive understanding; used correctly, these symbolic expressions convey emotion and add meaning to the message (Tang & Hew, 2018). Or, in other words, emoticons and emoji actually function just as intended, conveying shared meaning and enhancing shared meaning. This is a new set of cues, contributing to media richness. Richness can be stirred in from files you have on your phone: Even basic phone-based text messages can include attachments—pictures, audio files, documents, and more, and most messaging apps allow to incorporate multimedia-heavy files right into the flow of the message. Once a text-based desert, contemporary text messaging now seems to be a garden blooming with contextual cues.

In addition to text messaging being an (objectively) richer medium than it was assumed to be, communications theory supports the notion of expansion of a channel's richness, if it is *subjectively perceived* by its users to be a rich medium and *used* as if it were such (Carlson & Zmund, 1999). Many texters—particularly, younger texters who use text messaging as a primary mode of social and familial communication—see and use text messaging as a rich media. Selfie-sending is a form of communication. Emoticons have flourished, as discussed above, and have evolved into evocative, expressive elements of a rapidly developing language, providing a set of contextual cues to message recipients. Texters regularly incorporate images, graphic interchange formats (GIFs), memes, or links into their messages. All these indicate that people are using text messaging as a medium that supports significant, meaningful conversation, even if this does not conform with an older generation's notions of professional norms. Looking ahead to the future, this supports the notion that negotiation will increasingly be conducted over text messaging.

Best Practices

So little research has been done on text messaging for negotiation that it would be overselling to call *anything* a 'best practice.' Adopting and adapting the recommendations made above regarding negotiation via email to text messaging-based communication is likely to generate positive results. In addition, you might do well to apply these recommendations (Ebner, 2017c):

Use synchronicity for rapport building: Near-synchronous interactions, for which text messaging is a natural channel, can help in increasing social presence. This can counter the ills of reduced social distance encountered often in email interactions: Less rapport, increased suspicion, increased negative attribution, and reduced trust. Even one sustained session of back-and-forth texting conjures the sense that you are both upholding a live line between you.

Beware spellcheckers: Phone-installed spellcheckers are notorious for 'correcting' texts at the worst possible moments—turning your insightful message into nonsense, or your compliment into an expletive. You don't want your spellchecker to add an extra zero on to the offer you make! Review all of your messages very carefully before clicking send.

The anger effect: Responding angrily in a text message to an offer you've received from your counterpart, or commenting angrily on their behavior, might lead them to make a larger final concession (Johnson & Cooper, 2015). For example, writing 'That's the third discount you've asked for already—I can't believe you'd do that after saying 'this is my last request' just last week!!!' or 'I heard you told my manager I was difficult to deal with—do NOT mess with my job!!!' Of course, this tactic should only be used after much consideration, given its potential for an overall negative effect on your relationship with the other party.

Don't overthink things: We tend to read too much meaning into lean media—interpreting not only the words but also the pace of response, punctuation, length, and more. Most of the meaning we read into things tends to be negative, affected by anxiety-bred attribution. In text messaging, more often than not, we infer more than our counterpart intends—and it is rarely accurate or constructive. Beyond recalibrating your own tendency to overthink things, help your counterpart do the same. Manage their anxiety with regard to time lag with a quick 'I'll get back to you soon, after I've had some time to review the documents.' If you are engaged in a sustained near-synchronous exchange, don't drop out in the middle without explanation.

Even a quick 'Gotta go now, sorry; continue this evening?' will have the desired effect of preventing unnecessary interpretation and anxiety on your counterpart's side.

Given the lack of research on the use of text messaging for negotiation, the best overall advice I can offer is to be mindful of how you use this tool and develop your own good practices, taking into account the different communicative theories and elements discussed in this chapter.

Choosing Between ICT Channels for Negotiation

I recommend considering these three issues, before choosing which media to utilize for any given negotiation.

If you initiate, you choose: In negotiation, there is often an advantage to taking initiative. The first person to suggest an agenda enjoys the advantage of framing; the first person to make a proposal enjoys the advantage of anchoring. Media choice is another such area. Being the first to suggest a particular ICT communication channel improves the odds that the chosen channel will be one you prefer. Generally speaking, you will achieve a better outcome in negotiation, when you use a communication medium that you are familiar with and prefer (Geiger & Parlamis, 2014).

Choose your medium: Negotiators tend to choose among media channels in a way that seems random, or dictated by convenience. Research has shown that personality traits play a subconscious role in choosing a channel for negotiation (Geiger & Laubert, 2018).

To be successful, negotiators must be more mindful in their selection. The process of choosing might include two stages (Schneider & McCarthy, 2017): First, consider your own communication media defaults. Do you often call people on the phone, prefer to meet them in person, or spend most of your day texting? Consider the other's defaults, to the extent that you are familiar with them. Do your default modes overlap? Depending on the context of the negotiation, are any of these defaults possible and do possible options seem appropriate? Next, consider the negotiation through the 'media effects' lens provided throughout this chapter, weighing pros and cons of choosing any particular channel for your interaction. After mapping out the range of suitable media in this fashion, you can intentionally choose that which you envision as most beneficial for the upcoming negotiation.

Several media might be involved: Many negotiations will involve—*should* involve—more than one media channel. One negotiation subtask might best be conducted through one channel, while another works best for another subtask. The more you can break negotiation processes down into such subtasks, analyzing which medium, and implement your decision vis-à-vis your counterpart, the more successful you will be. Or in other words—choose media mindfully, and often! Media choice should not be a one-off decision for an entire negotiation process. Particularly, to offer a helpful model for breaking things down into subtasks, match the degree of synchronicity to the task at hand, at multiple points during the negotiation (Geiger & Laubert, 2018). One communications theory, Media Synchronicity Theory (Dennis, Fuller, & Valacich, 2008), suggests the importance of matching the degree of synchronicity to the task at hand. Tasks that are in the category of 'conveyance'—transferring raw information from one party to another—are often best handled by low-synchronicity media (e.g., email). Tasks categorized as 'convergence'—discussions of information that has been exchanged and processed, with an eye toward reaching joint meaning and agreement—are best handled via high-synchronicity media (e.g., a face-to-face meeting or a videoconference).

Negotiation Support Systems

The previous sections have focused on using ICT channels for interparty communication. This section briefly introduces other technological platforms for conducting negotiation, which support negotiators beyond providing an interaction channel. Some of these NSSes have already been developed, others are in the works, and still more will likely evolve in the future. The following are three formats of NSS.

Negotiation Structure

The first type of NSSes are designed to take some of the complexity out of negotiation and eliminate some of the 'human factors' of emotions and vagueness by prompting parties to relate to specific issues and provide specific information. The system provides a negotiator with a series of screens or fields in which they are asked to enter specific information, such as 'what are the topics you wish to discuss.' The other party might then be invited to relate to what the first has written, making a countersuggestion or agreeing to it. Through this process, parties have agreed to an agenda. The first party might then be asked to state their position on the first issue on the agenda. Next, the system might ask them to explain why they are asking for this (in other words—what are the interests behind this position) and why they think it is fair (essentially, asking them to provide objective criteria supporting their request). The system conveys this to the second party and asks them to relate to what you wrote and to provide a counteroffer that similarly includes the position, details interests, and supports with objective criteria. Essentially, such a system would draw parties into negotiation processes flowing according to Fisher, Ury, and Patton's (2011) *Getting to Yes* model. This process continues up to the point at which the system asks parties whether they choose to formalize the point they have reached as an agreement or to terminate the process.

Blind Bidding

Blind bidding systems essentially eliminate all interparty communication, except for numerical offers. In doing so, they eliminate the gamespersonship, lying, and bluffing so typical to bargaining. Blind bidding NSSes are used for single issue bargaining, in cases where the question at hand can be distilled to one numerical value: The price of a house, the payment to settle a negligence claim, or the duration of a contract. The NSS asks parties to define the specific issue to be resolved (e.g., the amount an insurance company will pay a policyholder) and provides a field in which to enter numeric offers. Once each has entered their number, the system compares them without disclosing them to the other party. If they meet, the system announces agreement. If they overlap (e.g., the policyholder requested $10,000, and the insurance company had offered to pay $12,000), the NSS announces agreement and sets the sum, based on some predetermined formula for splitting surplus (e.g., surplus is divided equally between parties). If the two numbers do not match or overlap, the NSS notifies parties. It then asks them if they would like to terminate the process or to try once again.

Optimization

Some NSSes utilize algorithms to help parties. Each party can teach the software their interests and preferences, and the system allows them to make offers and counteroffers. As each new offer comes in or is formulated, the system helps parties consider the degree to which it satisfies their interests. These systems can offer advice and can even offer parties to optimize their agreement, taking into account what it knows about each party's input and preferences.

Using ICT-Based Communication Media for Cross-Cultural Negotiation

Negotiation via ICT channels is a key enabler of international business. The economy of saving on travel and accommodation costs is only one factor. Another is the ability to engage in multiple deals in the course of a single day, rather than needing to block out several days for each transaction, or tasking company delegates to reside permanently in another country.

For all it has brought people, companies, and countries closer, in terms of reducing the significance of geography as a business factor, negotiating via ICT channels involves risk. This chapter has noted the challenges inherent in using these channels for negotiation under the best of circumstances. Intercultural negotiations add their own layer of complexities over media-related challenges, to form very daunting terrain for the online cross-cultural negotiator to navigate.

Researchers have focused on online negotiation, and they have focused on cross-cultural negotiation; there are few examples combining both. This is probably due to researchers' tendency to minimize the number of variables when exploring phenomena. Based on insights from this chapter and from this book in general, and the extant research, I note four suggestions:

Media Choice

Cross-cultural negotiation adds new variables into the question of media choice. One important consideration is the degree to which you consider that your counterparts' cultural constraints benefit you or challenge you. Media choice can help you elicit cultural conformity or nonconformity from your counterpart.

Rosette, Brett, Barsness, and Lytle (2012) have demonstrated that when someone is in a situation of reduced social presence, they have a reactance effect to cultural norms that constrain them. In other words, the less people feel monitored and accountable, the less they conform to constraining cultural norms.

In their experiment, they found that negotiators from Hong Kong, who would ordinarily refrain from excessively aggressive opening offers owing to a cultural norm of social harmony, made very aggressive opening offers when negotiating online, owing to the reactance effect. The offers were not only more aggressive than those made by Hong Kong negotiators in face-to-face settings, but they were also more aggressive than those made by US negotiators in face-to-face settings and in email-based negotiations. Why did Hong

Kong negotiators' behavior vary so significantly between online and in-person settings, when US negotiators' behavior did not? This is explained by the difference between the US and Hong Kong in terms of the importance of the norm of social harmony. In the US, it is *somewhat* important, which, in general, keeps opening offers from being overly aggressive. In Hong Kong, however, social harmony is a *very* important cultural norm. Reactance theory contends that the more important a societal norm, the greater the reactance effect will be (Brehm & Brehm, 1981). As a result, released from the social norm as a result of the reduced social presence, Hong Kong negotiators made *very* aggressive opening offers.

Applying this to the situation of, say, a British manager negotiating with Hong Kong negotiators, it would stand to reason that—even if email was used to exchange preliminary information—the British negotiator should prefer videoconferencing to email for the negotiation session itself. Perhaps, rather than having a one-on-one videoconferencing session, the British negotiator would prefer to arrange a videoconference including several people on each side—to heighten the sense of social presence and monitoring on her counterpart's side.

Conversely, if you are dealing with someone from a culture in which losing face, particularly in public, is seen as worse than anything, you might try to communicate via email, in the hopes that reduced social presence will allow them to make concessions without losing face, or without being as conscious of face, as they would be in a setting with heightened social presence.

Turn on Your Cross-Cultural Sensitivity, Manually

ICT-based negotiation brings cross-cultural differences right to your door—and to your counterpart's door, at the same time. There is no visitor/host distinction, aside from, perhaps, a distinction between one party initiating a videoconferencing meeting and the other accepting it. This adds complexity to the basic cross-cultural questions of who should adapt to whom, and how much? In fact, it stands to reason that, given that both parties are operating with their home culture right outside the door—without either of you having gone through the effects of the road, customs control, and advertisements in a foreign language reminding you that you are in a different cultural area and automatically turning on your cross-cultural lenses—parties will be even more likely to act according to their cultural tendencies. Be this as it may, cross-cultural differences will translate themselves electronically. A polychronic counterpart is likely to take longer than you expect to return your email and might be late for a videoconference. A monochronic counterpart will write out a structured agenda of topics to discuss in an email. Keep your cultural sensitivity and cultural curiosity turned on at all times, and find a way to remind your counterpart to do the same.

ICT Developments in Language and Translation

Keep an eye on advances in translation software. While far from perfect, text translators have made huge advances over the past decade; Google Translate currently enables translations between over 100 languages—up from about 50 only two years ago. Real-time voice translators, once considered only in the realm of science fiction (e.g., Adams, 1980), have rapidly developed over the past few years; Skype translator now translates videoconference calls in real time between 10 languages, and between over 60 languages in text form. These translators are already at the stage where they are helpful, even if you would not bet a million-dollar deal or an important relationship on their accuracy. However, there is no reason to believe that in a few short years, they will meet not that bar. This won't eliminate cross-cultural differences, of course, but it will herald a new era in cross-cultural interactions.

Consider NSS

Companies conducting large international transactions with regular partners might want to look into NSSes to simplify negotiations—particularly, after a relationship has already been established. Consider some of the systems we discussed that invite parties to type a few words or even only a number into a field. Now, picture such an NSS in which the instructions appeared in each party's own language. Most of the communication would, therefore, be communicated in native terms to each; this can help avoid miscommunication, in addition to taking behavioral missteps out of the equation.

I suspect that readers could come up with many other suggestions to experiment with, after reading this chapter in light of the entire book. Not wanting to engage in too much conjecture, I point out that much research remains to be done at the convergence of ICT-based and cross-cultural negotiation.

Final Thoughts

With the increase of international business, negotiating via ICT is on the rise—and its use is expected to increase. Online communication channels offer unprecedented opportunities for engaging with other at a distance—but bring challenges of their own to the negotiation table. Each channel has its own particular media effects that negotiators must be aware of. The challenges of negotiating via ICT channels are compounded by challenges related to cross-cultural negotiation. Negotiators must be mindful of these issues, prepare themselves well, and gain expertise with a variety of ICT communication tools in order to take full advantage of the opportunities these provide for international negotiation.

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6

Global Cultural Systems, Communication, and Negotiation

Olivia Hernández-Pozas

Introduction

Every day, a large number of companies conduct their business in diverse locations around the world. As a result, more communication across cultures takes place. Cross-cultural communication differences can be either a factor of complexity, causing problems, or an opportunity to create mutually beneficial, synergistic agreements (Adler, 1991). To thrive on cross-cultural negotiations and minimize unnecessary risk, time, and cost, one must know how to influence, and communicate with, people of other cultures (Adler & Graham, 1989). According to Gulbro and Herbig (1999), two business negotiators could easily find themselves at odds with one another; if their cultural traits, or the way they perceive the world, are different. Language, cultural sensitivities, legal systems, and many other business practices can make negotiating across borders remarkably different than negotiating within the domestic market (Brian, 2007).

Cross-cultural studies of negotiation discuss similarities and differences between global cultural systems and their impact on business outcomes. They explain the behavior of people, working in organizations around the world. Cross-cultural research expands the range of negotiation phenomena, broadening negotiation's research questions, constructs, and theories. Cross-cultural research reveals limiting assumptions and identifies boundary conditions of

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theory. It provides new interpretations of old findings and thereby extends our understanding of negotiation beyond Western contexts. Ultimately, it guides practitioners by clarifying the circumstances under which culture becomes a bridge or a barrier to fruitful conflict resolution (Gelfand & Brett, 2004).

This chapter starts with a brief explanation of how researchers have defined and studied culture, followed by the presentation of six prominent theoretical frameworks of national cultures based on values and communication preferences. It continues by explaining the limitations of these frameworks of cultural dimensions and pointing out their usefulness and applications for cross-cultural negotiation. Later sections of this chapter provide further discussion of contemporary cultural models of Cultural Intelligence and Global Negotiators. The chapter ends with conclusions and recommendations to those who seek to become competent negotiators in a global context.

Theoretical Frameworks of National Culture

Throughout the years, researchers have defined and studied culture in multiple ways, depending on their disciplines and, consequently, their prime focus of attention (Baldwin, Faulkner, Hecht, & Lindsley, 2008). In spite of their differences, they all agree on the notion that culture is common to people within groups. They also recognize that individuals acquire characteristics of cultures during the early stages of life, frequently through an unconscious process. Scholars state that culture takes time to form and, therefore, it does not change rapidly. According to Trompenaars and Hampen-Turner, culture is like an onion (1993). Its outer layers show the most noticeable characteristics, such as artifacts and symbols. These have been traditionally the focus of anthropologists (Taras, Rowney, & Steel, 2009). While the outer layers exhibit the objective elements of cultures, the inner layers cover their subjective elements, such as values, norms, and assumptions.

Early studies of culture in the management field followed the anthropological tradition. Using qualitative methods, these studies focused on the outer layer of customs, traditions, protocols, and different ways to do business in varied groups (Taras et al., 2009). These outer layers of culture are also the focus of those researchers using institutional perspectives and studying the economic, legal, and political domains. An institutional perspective is common in studies conducted at the macro-level.

In contrast, those management scholars focusing on the inner layers (i.e. subjective culture) prefer quantitative methods to study cultural values, attitudes, and behavior on business practices. Their concerns, strongly influenced by Hofstede (1980), include work-related factors and their consequences, and they explore these through defining and measuring cultural dimensions. Cultural dimensions are prominent in studies at the micro-level. Studies in global management, with a cultural perspective, often focus on values (Gelfand, Erez, & Aycan, 2007; Kostova, 2004).

As reported by Taras et al. (2009), theoretical frameworks focused on the inner layers of culture typically consist of a set of dimensions representing cultural values, attitudes, or practices. Most of them use "country" as a proxy of "culture." They have four to eight unidimensional and bipolar factors. Although they use different methods to calculate dimension totals, most collect data via self-report questionnaires. Researchers frequently rank countries on these cultural dimensions and then compare them. With country rankings in mind, scholars have conducted comparative intercultural research for over 25 years, testing further inferences on work-related behaviors and consequences (e.g. negotiation processes and outcomes). This chapter examines six of the most prominent theoretical frameworks of national cultures: (1) Hall's notion of Context, (2) Hofstede's 6D National Culture Model, (3) Trompenaars and Hampen-Turner's 7D of Culture, (4) Schwartz's theory of Basic Human Values, (5) The GLOBE project, and (6) Gelfand, Nishii, and Raver's notion of Tightness-Looseness (see Table 6.1 for a summary).

Hall's Notion of Context

In 1977, Edward Hall divided culture into two groups—Low and High Context—depending on people's communication style. Context refers to the information that surrounds a particular situation and whether or not this information already exists 'within' the communicating people.

Low-High Context

In Low-Context communication, most of the information is conveyed in the explicit message. In High-Context communication, by contrast, most of the information necessary for meaning-making is considered to already exist within the communicating individuals. Very little information is in the explicit and coded part of the transmitted message. In High-Context cultures, people do not say what they can take for granted that the other will understand. High-Context cultures make a greater distinction between in-group and out-group people than Low-Context cultures do. When communicating

Table 6.1 Theoretical frameworks of national culture

Theoretical framework	Cultural characteristics
Hall's Notion of Context	Low-High Context
Hofstede's 6D National Culture Model	Individualism-Collectivism (IDV) Masculinity-Femininity (MAS) Low-High Uncertainty Avoidance (UAI) Low-High Power Distance (PDI) Short-Long-Term Orientation (LTO) Indulgence-Restraint (IND)
Fons Trompenaars and Hampen-Turner's 7D of Culture	Universalism-Particularism Individualism-Communitarianism Specific-Diffuse Affective-Neutral Achievement-Ascription Sequential-Synchronic Time Internal vs. External
Shalom Schwartz's Theory of Basic Human Values	Self-direction Stimulation Hedonism Achievement Power Security Conformity Tradition Benevolence Universalism
The GLOBE Project	Performance Orientation Assertiveness Future Orientation Humane Orientation Institutional Collectivism In-group Collectivism Gender Egalitarianism Power Distance Uncertainty Avoidance
Gelfand, Nishii, and Raver's Notion of Tightness-Looseness	Tightness-Looseness

Author's own creation

about something, High-Context people will expect their interlocutors to know what they refer to, so they assume there is no need to be specific.

Germanic, Northern European, and Anglo cultures prefer Low-Context communication. Asian, Middle Eastern, and Latin American cultures prefer High-Context communication. When negotiating, Low-Context people may adopt a more explicit and direct way of communication. Phrases such as "your proposal is unacceptable" or "this cannot be done" are typical of people from

Low-Context cultures, such as Germanic, Northern European, and Anglo. In contrast, negotiators of Asian, Middle Eastern, and Latin American cultures would feel more comfortable saying “This may be difficult, let’s see how it goes” or “I will try.” These cultures will avoid saying an explicit “no” in negotiation and, instead, politely disagree. Frustration and misunderstanding are typical when negotiators from different cultures do not understand each other and misinterpret communication.

Adair (2003) argues that negotiators of Low-Context cultures use and reciprocate direct information sharing more. By contrast, negotiators of High-Context cultures use and reciprocate offers and persuasion more. If negotiators understand these differences, they can adjust the way they communicate to match their interlocutor’s style or at least they can prepare a plan for correct interpretation of behaviors. The indirect communication utilized by High-Context cultures might confuse interlocutors of Low-Context cultures, who expect direct information sharing. This confusion might trigger lack of trust. By understanding the differences and adjusting their communication style, negotiators of High-Context cultures can avoid the risk of not being trusted.

Hofstede’s 6D National Culture Model

One of the most influential bodies of research in the field of global management is the now-classic work of Hofstede (1980). In his initial work, Hofstede identified four major cultural dimensions: Individualism and Collectivism (IDV), Power Distance (PDI), Uncertainty Avoidance (UAI), and Masculinity-Femininity (MAS). Later, the Chinese Culture Connection (1987) raised the issue that these dimensions could be biased since they were based on Western values. Thus, Hofstede (1991) responded with a new dimension called, Short-Long-Term Orientation (LTO). Finally, in 2010, the sixth dimension, Indulgence-Restraint (IND), was added to complete the current 6D model.

Hofstede’s research was pioneering in the Management field; before 1980, no one had ever conducted a cultural project in the corporate world, using large-scale quantitative methods. He analyzed 115,000 questionnaires of IBM professionals in over 50 countries. Over the years, Hofstede helped to create the field of comparative intercultural research. Kirkman, Lowe, and Gibson (2006) reviewed numerous studies that used his framework. On reading the following summary of Hofstede’s (2001) six dimensions, keep in mind that all variables, according to Hofstede, are at a societal level and may not manifest in every individual.

Individualism-Collectivism

IDV is the degree to which people integrate into groups. In individualist societies, the ties between individuals are loose. In contrast, individuals in collectivist societies integrate into strong groups. In these groups, members provide protection in exchange for loyalty. In individualist societies, values such as independence and achievement of the individual are more relevant than the well-being of the group.

Masculinity-Femininity

MAS is the degree to which people prefer achievement, competition and assertive behavior over social, feminine values, such as cooperation and modesty.

Low-High Uncertainty Avoidance

UAI refers to the inclination of people to pursue or avoid uncertain situations. Those in high UAI societies prefer to reduce the level of uncertainty by having clear structures and regulations. Meanwhile, those in low UAI societies are more willing to accept uncertainty and do not need strict regulations.

Low-High Power Distance

Low-High PDI refers to the degree to which members of a society accept—or even expect—hierarchical differences in social relationships.

Short-Long Term Orientation

People in Long-Term-Oriented societies pay more attention to values that relate to the future. For example, perseverance and thrift. For them, history and traditions are important.

Indulgence-Restraint

A society ranking high on Indulgence-Restraint (IND) is one in which free satisfaction of basic human impulses related to enjoying life and having fun prevail. In contrast, a society ranking low in IND is one which prescribes against satisfaction of these needs and regulates them through strict social norms.

Using five dimensions of the 6D model, Hofstede, Jonker, and Verwaart (2012) emphasize that negotiators behave differently across cultures. Negotiators of Low PDI cultures are accustomed to making decisions and are usually empowered to negotiate. However, in High PDI societies, only the powerful dictate conditions. Therefore, the less powerful are not fully committed when negotiating since they know they are not empowered to reach outcomes on their own. An experienced negotiator who understands these differences will make sure that those he or she negotiates with are capable of making important decisions, or, if this is not possible, he or she will make plans that allow waiting until those on power make up their minds.

Hofstede et al. (2012) assert that uncertainty-avoiding negotiators have an emotional style of negotiation, while uncertainty-tolerant negotiators have a relaxed style of negotiation. Any experienced negotiator understands that if a deal implies drastic changes, those ranking high on UAI will be difficult to convince. Therefore, he or she will plan to reduce opposition through reducing or downplaying the risk involved. Collectivistic negotiators must form relationships before closing a deal, since they discriminate between in-group and out-group partners. In contrast, individualists aim for satisfying their personal interests. When making a proposal during the negotiation process, the experienced negotiator will pay attention to these differences and frame his proposal in consonance with them. According to Hofstede et al. (2012), Long-term oriented negotiators are pragmatic and look at the bigger picture. Therefore, they will likely show patience. In contrast, Short-term oriented negotiators think in terms of moral principles and apply them to the immediate present situation. Furthermore, individuals with different cultural preferences of Short-term and Long-term orientations may value negotiation proposals for payment over extended periods differently.

Fons Trompenaars and Hampen-Turner's 7D of Culture

Trompenaars and Hampen-Turner's (1993) model of 7D of culture includes five dimensions related to the ways people deal with each other, one dimension about the way people understand time, and another dimension about the way people relate to the environment. The seven cultural dimensions are:

Universalism-Particularism

People with a universalistic culture believe that rules, codes, values, and standards take precedence over particular needs and claims of friends and relations. In universalistic societies, the rules apply equally to all members. Since exceptions weaken the rule, they should not exist. Conversely, people in a particularistic culture give preference to human friendship and relationships. People are compelled to analyze particular situations separately. In particularistic societies, the "spirit of the law" is more important than the "letter of the law."

Individualism-Communitarianism

Individualistic societies put the individual's happiness, fulfillment, and welfare before the community's. In individualistic societies, people take care, primarily, of themselves and their immediate family. They are supposed to decide issues on their own. By contrast, Communitarian societies place the community before the individual. People in a Communitarian society are responsible to act in ways which serve society.

Specific-Diffuse

People in specific societies believe that the whole is the sum of the parts. They prefer to first analyze the elements of a situation separately and later put all them back together. Human life is segmented, and others can only enter one segment at a time. Interactions between people should have a well-defined purpose. Individuals in a specific culture focus on hard facts, standards, and contracts. People from Diffuse cultures understand the world the other way around. They first see the whole and revise each component in perspective of the total. For Diffuse societies, the whole is more than just the sum of its parts. Components of a whole relate to each other. These relationships are more important than each separate component. The various roles someone might play in life are intertwined.

Affective-Neutral

Affective societies accept people's display of emotions. There is no need to hide feelings or to keep them on the inside. On the other hand, people in neutral societies learn that it is incorrect to show one's feelings overtly. Neutral people certainly experience emotions, but they just do not show them that easily.

Achievement-Ascription

People in Achievement societies acquire their status from what they have accomplished. Everyone has to prove what she or he is worth. Status depends on behavior, and even more so on results. By contrast, people in Ascribed societies obtain their status from birth, age, gender, or wealth. They earn status from their position in the community or in an organization.

Sequential-Synchronic Time

The dimension of Sequential-Synchronic time relates to the relative importance cultures give to the past, present, and future, as well as to their approach to structuring time. People oriented toward the past see the future as a repetition of former experiences. They respect history and ancestors. On the other side of the spectrum, for people who are oriented toward the future, the past is not that important. For them, planning represents a major activity. In between, present-oriented people focus on day-by-day experiences. People structuring time sequentially tend to do one thing at a time. For them, time is tangible and divisible. They strongly prefer to perform plans they have made, and they commit seriously to schedules. On the other hand, people structuring time synchronically usually do many things at a time. They conceptualize time as flexible and intangible. Plans are easily changed and time commitments are aspirational rather than absolute. Frequently, this occurs because in Synchronic societies promptness depends on the type of relationship.

Internal Versus External

This dimension relates to the way people deal with the environment. Internal people have a mechanistic view of nature. They do not believe in luck or predestination, and they are self-directed. External people have a more organic view of nature. For them, humanity should function in harmony with the environment and go along with its forces. External people do not believe that they can entirely guide their own destiny.

According to Livermore (2013), the Universalist approach is common in Western countries, for instance, Western Europe, United States, Canada, Australia, and New Zealand. If we visit those countries, we'll find that prices of entertainment, for example, won't vary depending on who you are. Conversely, in the Particularist approach typical to Asian and Latin American countries, as well as Russia, they will vary. When traveling around the globe, Livermore highlights that one can view differences in negotiation, such as whether it is customary to haggle over the cost of an item or whether there is a different cost for foreigners than there is for people who live in the country. An example of the Neutral versus Affective distinction can be found in the way that people from neutral cultures, such as the British or the Japanese, do not easily reveal their emotions when they negotiate. In contrast, those from affective cultures such as the Italian and the Latin American demonstrate a wide range of physical gestures and facial expressions.

Differences between Sequential and Synchronic Time can be identified by the way negotiators from different cultures manage negotiation time and pace. For instance, strict punctuality and compliance with the agenda are expected characteristics of the Japanese and the German negotiators. Negotiators from a culture with a sequential grasp of time will relate to a time line for meetings or for compliance with agreements quite differently than negotiators from cultures with Synchronic grasp of times.

Shalom Schwartz's Theory of Basic Human Values

Schwartz (1992) offered a conceptually different approach. He based his model and theory on general values rather than focusing solely on work-related values. Later scholars adopted his framework to understand cultural differences in conflict resolution (Morris et al., 1998). Here are the ten general values Schwartz proposed:

Self-direction: Independent thought and action—choosing, creating, and exploring.
Stimulation: Excitement, novelty, and change in life.
Hedonism: Pleasure and sensuousness, gratification for oneself.
Achievement: Personal success through demonstrating competence according to social standards.
Power: Social status and prestige, control or dominance over people and resources.
Security: Safety, harmony, and stability of society of relationships and of self.
Conformity: Restraint of actions, inclinations, and impulses likely to upset or harm others and violate social expectations or norms.
Tradition: Respect, commitment to, and acceptance of, the customs and ideas that traditional culture or religion provide the self.
Benevolence: Preserving and enhancing the welfare of those with whom one is in frequent personal contact (the in-group).
Universalism: Understanding, appreciation, tolerance, and protection for the welfare of all people and for nature.

Kopelman and Rosette (2007), using Schwartz's (1992) model of basic human values, compared East Asian and Israeli negotiators in terms of how their values influenced negotiation processes. They found that the Eastern Asian cultural value of respect was not compatible with the display of negative emotions in the setting of an ultimatum bargaining. In contrast, Israeli negotiators did not shy away from direct confrontation. In fact, they explained, Israelis typically expect straight talk and often are perceived by others as rude or aggressive.

The GLOBE Project

After a review of available literature, the GLOBE project (Global Leaderships and Organizational Behavior Effectiveness) conceptualized and developed measures of nine cultural dimensions. A major focus in this project was to understand leadership and organizational behavior globally (House, Hanges, Javidan, Dorfman, & Gupta, 2004).

The overlap between the GLOBE dimensions and the Hofstede dimensions are quite substantial, although there is no agreement with regard to the extent of the overlap (Hofstede, 2006; Javidan, House, Dorfman, Hanges, & Sully de Luque, 2006). One important difference is that GLOBE studies cultures in terms of both their cultural practices (the ways things are) and their cultural values (the way things should be). In the GLOBE project, 170 researchers worked together for ten years collecting and analyzing data on cultural values, practices, and leadership attributes from over 17,000 managers in 62 societal cultures. The participating managers were employed in various industries. Scholars studied the effects of these dimensions on expectations of leaders. The nine cultural dimensions are as follows:

Performance Orientation

The degree to which a collective encourages and rewards (and should encourage and reward) group members for performance improvement and excellence.

Assertiveness

The degree to which individuals are (and should be) assertive, confrontational, and aggressive in their relationships with others.

Future Orientation

The extent to which individuals engage (and should engage) in future-oriented behaviors such as delaying gratification, planning, and investing in the future.

Humane Orientation

The degree to which a collective encourages and rewards (and should encourage and reward) individuals for being fair, altruistic, generous, caring, and kind to others.

Institutional Collectivism

The degree to which organizational and societal institutional practices encourage and reward (and should encourage and reward) collective distribution of resources and collective action.

In-group Collectivism

The degree to which individuals express (and should express) pride, loyalty, and cohesiveness in their organizations or families.

Gender Egalitarianism

The degree to which a collective minimizes (and should minimize) gender inequality.

Power Distance

The degree to which members of a collective expect (and should expect) power to be distributed equally.

Uncertainty Avoidance

The degree to which a society, organization, or group relies (and should rely) on social normal, rules, and procedures to alleviate unpredictability of future events.

Next, researchers identified ten regional clusters out of the 62 societal cultures: Latin America, Anglo, Latin Europe, Nordic, Europe, Germanic Europe, Confucian Asian, sub-Saharan Africa, Middle East, Southern Asia, and Eastern Europe.

An example of the use of GLOBE in negotiation is exhibited by Balbinot, Minghini, and Borim-de-Souza (2012). They used GLOBE dimensions to study the behavior of Brazilian managers. Their research findings showed that Brazilians who occupied positions of power tried to increase their distance from individuals with less power, demonstrating the presence of PDI in this culture. In addition, Brazilians maintained close contact with international associates via telephone or email in order to reduce UAI. Finally, Brazilians sustained a friendly posture, in line with their cultural traits, instead of a more assertive one, as typical to their European partners. Negotiation preferences, such as those identified by GLOBE in the case of Brazilians, can influence both process and outcome in negotiations. Therefore, they should be taken into consideration when planning negotiation processes.

Gelfand, Nishii, and Raver's Notion of Tightness-Looseness

Tightness-Looseness

The notion of tightness-looseness refers to the strength of social norms for regulating social behavior. Gelfand, Nishii, and Raver (2006) argued that this important cultural dimension was ignored because of the dominance of value frameworks in global management research. To address this gap, they proposed a multilevel model of looseness-tightness.

Social norms in loose cultures allow more latitude for individual behavior. Thus, norm violations are subject to less social sanctioning than in tight cultures. Further, other researchers used this model to explain the influence of individual behaviors such as risk avoidance versus risk-taking on work-related behaviors.

Examples of tight cultures include Saudi Arabia, Afghanistan, and Japan where there is a prescriptive approach to how people should behave. In comparison, the culture of people in cities such as New York and London is loose. There are few rules, norms, and standards, and people freely question rules and have a "what difference does it make?" attitude (Livermore, 2013). When negotiating, be aware of these differences, and pay special attention to protocol when negotiating in a tight culture.

Limitations of National Culture Frameworks

Most cross-cultural studies use country as a proxy of culture. Kawar (2012) explains that national cultures vary with regard to unconscious values. The assumption in cross-cultural studies is that, beginning with childhood, people embrace specific values, which remain relatively stable across later experiences. Taras et al. (2009) state that 75% of the publications in the field between 1995 and 2001 did research using country as a proxy of culture. They argue that the definition and operationalization of culture in this simplistic way could lead to problems. According to Bulow and Kumar (2011), objections to the cultural dimensions approach often focus on the relevance of national culture, the applicability of typologies that treat cultures as static, and the problem of ambiguous terminology. Others highlight that just one model of culture, with few dimension scores, cannot explain such a highly complex, multidimensional, and multilayered phenomenon (Taras et al., 2009).

Common solutions to these objections include the following: Open recognition of the challenges of generalization, avoidance of unjustified generalizations, and restraint in ascribing traits found for groups to individuals, or vice versa. When studies contradict each other, one should test their theoretical assumptions. In order to understand the influence of culture on work-related behaviors, such as negotiation, one should take into consideration that culture is not the only variable at play; the impact of other factors such as age, education, exposure to other cultures, and the occupation of the negotiators one deals with might all be more salient than culture itself in any particular interaction. Contextual factors such as the nature of the negotiation, the place where it takes place, or corporate policy may influence outcomes as well. Also, to appropriately compare studies, one should make sure the definitions and interpretations of their variables are the same (Bulow & Kumar, 2011).

Despite the fact that certain theories make perfect sense, management scholars have pointed out that some do not provide quantitative large-scale empirical data; such is the case, for example, of Hall's (1977) classification of communication style and Gelfand's et al. (2006) model of looseness-tightness. Thus, one needs to apply the frameworks carefully, making sure the described cultural characteristics match correctly to culture-specific cases. Thus, the correct application of these frameworks in practice depends on the ability of the negotiator to recognize the situation, validate theoretical assumptions and results in situ, and adjust their behavior accordingly.

In spite of criticism of theoretical frameworks of cultural dimensions, such as those targeting Hofstede's model (e.g. Baskerville, 2003; McSweeney, 2002a, 2002b), one must recognize their influence on the field. The usefulness of these theoretical frameworks is in the initial recognition of potential cultural differences and commonalities. By no means do they replace the fine-tuned steps of negotiation strategy and tactics. Experienced practitioners are aware that cultural dimensions should never be applied in a reductionist manner. When examining negotiators from any particular national culture, individual preferences may be very similar to, or very different from, the scores from that particular national culture.

Over time, theoretical frameworks of cultural dimensions and their practical application have spread widely. Thus, through the years, professionals have used models of cultural dimensions and country comparisons to understand varied work-related behaviors and, in this way, help people to work more effectively in more than one culture. Cross-cultural negotiation is a crucial work-related behavior in international business. Therefore, researchers have suggested explanatory models of how culture affects negotiations in terms of the stable, general, characteristics of the negotiators. Weiss (1994) suggests that when negotiators of different cultures understand each other's negotiation repertoire, they can interpret and adapt their strategies better.

While theoretical frameworks of cultural dimensions are extremely influential in the field of cross-cultural management, there are constant pleas for a shift in methods for advancing our understanding of culture and international business (e.g. Leung, Bhagat, Buchan, Erez, & Gibson, 2005). Accordingly, we now review other contemporary models and discuss their application in negotiation.

Cultural Intelligence and Negotiation

In 2003, when most of the study of culture in the field of international business focused on differences among nations, Christopher Earley and Sue Ang coined the term Cultural Intelligence and the abbreviation "CQ" (Barnes, Smith, & Hernández-Pozas, 2017). CQ is the ability to function effectively in multicultural settings. CQ has four dimensions: CQ Knowledge, CQ Drive, CQ Strategy, and CQ Action.

Earley (2006) proposed to move away from conducting research about national values toward developing theories for understanding the connection among culture, perception, actions, organizations, and structures. Gelfand et al. (2007) lamented the fact that comparative research across cultural groups ignored the dynamics of culture in intercultural encounters and identified CQ as a promising new approach and a novel construct for advancing research on effectiveness of intercultural encounters.

Later, Gelfand and Imai (2010) found that CQ improves intercultural negotiation processes and thereby outcomes. They highlighted that CQ can improve objective performance and self-reported affective outcomes, such as cross-cultural adjustment. They argued that there is a relationship between CQ and cooperative motives. Furthermore, Groves, Feyerherm, and Gu (2015) observed that high CQ negotiators facilitate cross-cultural negotiation performance outcomes through interest-based negotiation behaviors. Therefore, organizations should develop and assess CQ and encourage employees who negotiate across cultures to improve their Cultural Intelligence.

Tarique and Takeuchi (2008) state that international nonwork experiences positively influence higher levels of CQ. Ng, Van Dyne, and Ang (2009) emphasize the importance of experiential learning, beyond just living experiences, as a good way to develop CQ. Livermore (2015) explains that the best way organizations develop CQ is through using learning and developmental activities in which individuals can connect their training with their personal interests.

Barnes et al. (2017) suggest a CQ development framework divided into three phases. First, a pre-assessment with feedback. Second, CQ transformation activities. Third, a post-assessment with feedback. In the first phase, authors propose a personalized diagnosis. This shows how distant the individual is from others in similar clusters. An experienced facilitator can then use this report to trigger reflection by individuals seeking to develop CQ and to propose a developmental plan depending on the individual's objectives and priorities. Transformation activities include those grounded in internal and external communities as well as teaching learning tactics, such as the use of films, experiential activities, socially conscious assignments, code switching, and controlled disequilibrium creation. The last phase is the evaluation or post-assessment. In this phase, individuals can compare how well they have developed CQ and continue planning new developmental agendas.

Global Negotiators

Brett (2001) advised those interested in becoming effective negotiators in a global environment to recognize that culture matters and to be prepared for cultural differences they will encounter at the negotiation table. What are those cultural differences that matter the most? Today, the global negotiator should be able not only to know about and adjust to cultural differences at the national level but also to identify when other cultural differences influence negotiation processes and outcomes.

Taras et al. (2009) argue that years ago, nationalities—and sometimes regional or ethnic differentiation—were probably acceptable proxies for culture. However, in today's global village, geographical boundaries could be less relevant. One might consider whether there may not be a greater variation in cultural values across generations, professions, interest communities, or socio-economic classes than across countries.

Despite the fact that not everyone has been exposed to people from other cultures, and there are many individuals who have not traveled the world extensively, there is a growing group of people who have done so. These individuals grew up in the age of globalization and may have had the benefits of an international education. They speak several languages and can code-switch effectively. Therefore, they do not portray cultural dimensions of the place where they were born. Their nationality does not really give a clue of who they are, making it difficult to predict their behaviors. They are cosmopolitan and quickly adjust to whatever style of negotiation they need to.

According to Katz (2006), competent international negotiators know themselves. Recognition of cultural differences between one's own country and one's counterpart's is the first step to understanding intercultural negotiation. Since negotiators benefit when they are capable of predicting how their counterparts might behave (Bulow & Kumar, 2011), the global negotiator should be able to identify salient cultural traits in their counterparts. Thus, theoretical frameworks of culture in general and culture-specific analyses are helpful and important frames of analysis for understanding and improving negotiations processes.

The global negotiator can investigate what his or her counterpart's attitudes are about time, gender, power, uncertainty, emotional display, extended family, protocol, authority, and hierarchies, just to name a few issues. Then, validate if their findings are aligned with national cultural theoretical frames or not. This would allow the global negotiator to make a quick assessment of whether their counterpart is cosmopolitan or conforms to their particular national culture. He or she could then decide on negotiation strategies and tactics that better fit the particular situation. Similarly, the global negotiator can observe their counterpart's patterns of communication. Are they direct and explicit in their communication messages or not? With this information, the global negotiator can adjust to communicate better and obtain negotiation goals.

Competent global negotiators often show respect, understand risks, prepare well, and pay attention to what is being said and what is not being said. They are adaptable, persistent, and patient (Katz, 2006).

Final Thoughts

In this chapter, we reviewed six prominent theoretical frameworks of national cultures based on values and communication preferences. These can help negotiators of different cultures not only to improve their understanding of their interlocutors but also to acknowledge and reflect on their own cultural tendencies. Cultural dimension frameworks can be used to identify potential cultural differences and commonalities. By no means should they replace the fine-tuned steps of negotiation strategy and tactics. We should never apply them in a reductionist way. Remember, they describe societies, not individuals. Individual preferences may be very similar to, or very different from, the scores from a particular national culture. Since CQ improves intercultural negotiation processes and thereby outcomes, organizations should develop and assess CQ and encourage employees who negotiate across cultures to improve their Cultural Intelligence. The best way to improve CQ is through developmental initiatives, using experiential learning, that connect with the interests of the negotiator.

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Part III

Negotiation Across Cultures: Country Analysis

7

Negotiating with Managers from Britain

Jessica Jean

Introduction

Do all British negotiators wear bowler hats and carry an umbrella and a newspaper? What is the difference between England, the UK and Great Britain? Does it really matter? What's the difference between English and British—and will I offend anyone if I get it wrong? Do British people have emotions at all—or are they all just experts in the poker-face technique?

If you've ever asked yourself any of these questions, then you've come to the right place. This chapter outlines the main challenges to overcome when negotiating with a British counterpart. We discuss the geography of this small corner of the planet and the impact that history has had on the British people. We also look into Britain's political system, including its world-famous royal family and consider the impact of the Brexit vote on the British relationship with mainland Europe. We analyse British culture through the perspectives offered by Hofstede's and Hall's cultural studies and employ anecdotes to illustrate situations which may arise when negotiating with the British. We focus on the importance of diplomacy and politeness, the infamous British understatement and, of course, that ever-present poker face or "stiff upper lip", as it's fondly known by the British themselves.

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Once we have covered the background information and discussed the main cultural aspects, we will then address how we can adapt our own negotiation styles to those of our British counterparts in order to get the best possible outcome for the deal in question. Towards the end of this chapter, we summarise the strengths and weaknesses of British negotiators, with an eye towards helping each of us to adapt as best as possible in our future negotiations with the British. This chapter builds on the negotiation theory introduced in the first part of this book and helps you to fine-tune your negotiation behaviours for engaging with the complex and discerning character of the British negotiator.

Country Background Analysis: Geography, Historical Perspectives, and National Indicators

What Do We Mean by Britain and British? (Fig. 7.1)

First of all, let's identify which geographical areas—and, indeed, nationalities—we are referring to in this chapter. There are many different ways to refer to this cluster of islands and their inhabitants. It's important not to get the terminology wrong, as people can be offended if you refer to them as "English" and they are not!

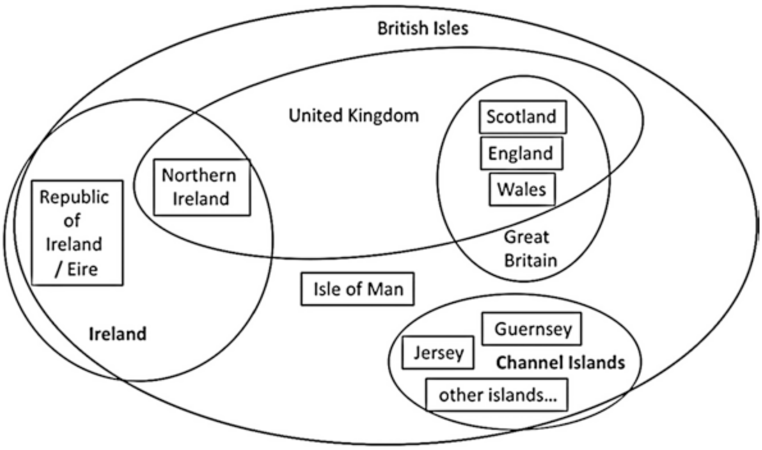

Fig. 7.1 The geography of the UK (adapted from Debenham, 2016)

- Definitions of Countries and Islands

Great Britain (sometimes referred to as "Britain")

This is not actually a country but the biggest landmass of all the "British Isles". It refers to the island which includes England, Scotland, and Wales. Northern Ireland is not part of Great Britain.

The United Kingdom of Great Britain and Northern Ireland (known as the "UK"):

The United Kingdom is a sovereign state which includes all of Great Britain (England, Scotland, and Wales) and Northern Ireland.

The British Isles: The term "British Isles" refers to all the islands to be found off the north-western corner of mainland Europe. This includes Great Britain, Ireland (both Northern Ireland and Eire, also known as the Republic of Ireland), the Isle of Man, the Isles of Scilly, and the Channel Islands (including Guernsey, Jersey, Sark, and Alderney).

England: One of the countries which form the UK.

- Definitions of Nationalities

British: An adjective used to describe the inhabitants of Great Britain and/or citizens of the UK. The one exception to this definition is Northern Ireland where citizens can choose to identify as British or Irish or both.

Britons: A noun used to describe the inhabitants of Great Britain and/or citizens of the UK. This is sometimes shortened to "Brits", although this abbreviation may not be considered appropriate in a business encounter.

English: This refers to citizens of England.

Scottish: This refers to citizens of Scotland.

Welsh: This refers to citizens of Wales.

Irish: This refers to citizens of Eire/Republic of Ireland and sometimes citizens of Northern Ireland, if they choose (cf. "British" above).

It's complex, even for the British!

At the beginning of the 2016 Olympics in Brazil, the most Googled question in the UK was: "Why is it Team GB and not Team UK?" The answer is simply to do with branding choices! (BBC, 2016)

History and How It Has Shaped Modern-Day UK

- Religion

A recent survey carried out in September 2017 (Sherwood, 2017) found that over half the British population now declare themselves as having "no religion". This figure is most significant with the younger age group (18–24-year-olds) in which nearly three out of four people say they have no religion.

Despite these recent trends, the main religion in the UK is still Christianity, with the majority of Christians following the Church of England and therefore identifying as Anglican. The most recent census of UK citizens (held in 2011) found that Christianity was followed by Islam, Hinduism, Sikhism, Judaism, and Buddhism (based on the number of adherents).

Catholicism, as part of the Christian faith, is also practised in the UK. However, it should be noted that King Henry VIII famously became head of the Church of England under the Act of Supremacy (in 1534 and 1559) which took power away from the Pope and Rome. Nowadays, Catholicism is still followed to some extent in the UK. In Northern Ireland, the split between Catholicism and Protestantism is approximately equal.

- Monarchy and the Political System

The UK is a constitutional monarchy. This means that while the Queen or King of England is the Head of State, it is the elected Parliament that makes decisions for the country. The head of the elected Parliament is the Prime Minister.

The Parliament sits in Westminster, London, and is split into two sections:

The House of Commons: Composed of approximately 650 elected Members of Parliament (MPs) who represent their local constituencies all across the UK. There is a general election every five years in the UK in which all MPs are voted into their seats by the British public.

The Prime Minister is also elected as an MP and then forms a Cabinet to run the government. The Cabinet is made up of approximately 15 heads of different ministries, such as Education, Health, Transportation, and so on. The party currently not in power is known as "the opposition" and traditionally forms a "Shadow Cabinet" headed by the "Shadow Prime Minister". Each shadow minister covers issues relating to their corresponding ministry's portfolio and coordinates an opposition strategy to governmental policies. The two main parties of the Houses of Parliament—Conservatives and Labour—debate laws, policies, taxes, and so on in the House of Commons.

The House of Lords: Made up of approximately 700 members including bishops, hereditary peers (members of the nobility who have inherited their seat), and other Lords who are appointed by the Queen (or King) upon recommendation by the Prime Minister owing to their expertise in certain areas (these last members are also appointed for life). For a law to be passed, it is first proposed and voted on in the House of Commons and then must also pass a vote in the House of Lords.

Devolved Parliaments and Assemblies: There are also some regional parliaments and assemblies, as certain powers have devolved from London Westminster to Scotland, Wales, and Northern Ireland. The Scottish Parliament, the National Assembly for Wales, and the Northern Ireland Assembly all came into being in 1999.

National Indicators

Table 7.1 shows some basic indicators of the UK

Table 7.1 National indicators

Population	Current population 63.7 million	Forecast population annual growth 0.7%
GDP	Per capita 42,651 USD	Forecast GDP annual growth −1.0%

Sources: OECD and The World Bank (2017a)

National Cultural Analysis (Hofstede and Hall)

Geert Hofstede's "Hofstede Insights"

Let's begin by applying the 6D model on national culture from Hofstede's Insights to the UK. This analysis, created by Dutch social psychologist Geert Hofstede, has become a global reference for cultural comparisons. The Hofstede Centre offers a country comparison tool which allows us to understand culture through measuring six different criteria as detailed below (created by the author using the Hofstede's Center Data) (Fig. 7.2).

Power Distance

British society has long been a society of three classes: working class, middle class, and upper class (Kerley, 2015). Although this class system still exists, there is some movement from this historical vision of three distinct classes which are very far apart to a more modern view of the class system which identifies seven layers of class, including, for example, "working middle class" and "upper working class" (Robson, 2016).

Alongside this class hierarchy, there is a strong sense of "fair play" in British society. A quintessential example involves a central feature of British culture—the football pitch. One huge honour for British players is to be awarded a Fair Play achievement for having received no yellow or red cards in their entire club and national careers (Gary Linekar, e.g., is one of these players). This "fair play" attitude permeates day-to-day life in the UK, where

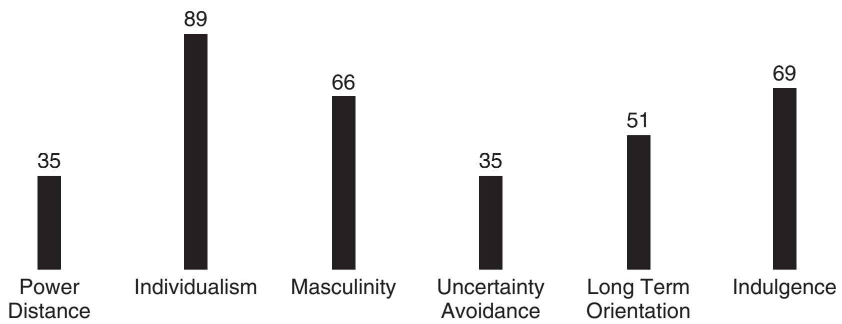

Fig. 7.2 Hofstede Insights: The UK

it is believed that all people should be treated equally whatever their social class, gender, race, and so on.

The low score on the Power Distance index shows that the British value equal treatment of citizens more than a superficial scan of the historic class system would indicate.

- Individualism

Britain scores amongst the highest, of all the countries analysed through Hofstede's Insights, on this dimension. The British are very private people. This does not mean that they do not interact with one another or contribute to communities, for example, but they do so on an individual basis rather than as a group, and on their own terms rather than as an organised activity. One of the most dreaded phrases for most British people to hear from their boss would be "Let's do a team-away day and get to know each other a little better"!

A study by Trompenaars & Hampden-Turner (1993) found that 70% of British people believe that a job should allow each person to work individually and that each person should receive credit for their job on an individual basis. If you come from a more communitarian culture, this may seem to be a somewhat ego-centric approach, and your engagement will need to be properly managed to ensure that this does not result in misunderstandings.

- Masculinity

A high score on this dimension reveals the strong British work ethic and the tendency to strive for success in both their professional and personal lives. We are currently witnessing some level of change in this area, as more and more people seek to improve their work-life balance. For example, many companies are now trying to answer employee needs for flexible working hours.

- Uncertainty Avoidance

The low score on this index shows that the British are comfortable with risk and unknowns. They are unfazed by not having all the answers, and they will use their creativity and entrepreneurship skills to find good solutions. Projects may not always go according to plan, but the British know how to improvise and make the best of a bad situation.

- Long-Term Orientation

This index has an indeterminate result for the British culture. In general, the British are proud of their history, be that military achievements, merchant navy trading, the industrial revolution, the arts, and so on. However, it would be wrong to say that they are solely focused on the past. The UK has demonstrated a clear vision in looking towards the future, including education initiatives and the headways it has made in areas such as science, engineering, and the service industry.

- Indulgence

A high score on this index shows that the British are an indulgent nation. British people work hard but also play hard. They do not hesitate to spend money on themselves, to enjoy their free time, and to avoid worrying too much about what other people think. They are an optimistic nation and will usually try to see the positive in any situation.

Edward Hall's High-Context and Low-Context Cultures

Next, let's consider how the British culture can be analysed according to Edward Hall's (1976) high-context and low-context differentiation. The UK is a relatively low-context culture. This means that most of their communication will be presented in a clear and concise way. Low-context cultures will communicate precisely and simply, without assuming that their counterpart will understand things that are not explicitly said.

- Low-Context Culture Comparison with Other Cultures

Let's take the example of the KISS acronym (Keep It Simple, Stupid) which was introduced by the US Navy in 1960. The British would probably consider themselves as firm supporters of this message. However, if we were to compare the low-context UK culture to the even lower context American culture, the Americans may think that the British are not explicit enough in their communication! On the other hand, if a British manager is talking to his colleagues from a high-context culture, for example, China or India, his Chinese and Indian colleagues may feel that he/she is insulting them by speaking so plainly and stating the obvious.

- Low-Context Culture and Written Communication

Another trait of low-context cultures is that they are more likely to follow up any phone call or face-to-face meeting with a written recap of what was discussed. This is seen as good business practice in the UK. If you are from a high-context culture, you may take offence at this behaviour, wondering why your British counterpart does not trust you. This is most definitely not the case! It is simply common practice for low-context cultures to have more written documents, memos, and emails in order to keep things as simple as possible (from their point of view, of course!).

General Business Environment

- Coface Analysis

Coface is a global reference in credit insurance policies for international businesses. The company provides information regarding the level of risk in over 200 countries worldwide. The risks measured are broken down into two sections: The first looks at macro risk factors such as politics, economic results, and so on, within the country. This is known as the "Country Risk Assessment". The second focuses on more micro-level risk factors to uncover the "Business Climate" or the risks of doing business in that country. The Coface measure (Coface Economic Studies & Country Risks, 2018) uses an eight-level ranking system in which an A1 rank is excellent (low risk), followed by A2, A3, A4, B, C, and D, with an E designation indicating the highest level of risk.

Coface shows the results for the UK as:

Country risk assessment: **A3**
Business Climate: **A1**

Strengths depicted by Coface include the low corporate taxes and advanced sectors such as aerospace and pharmaceuticals. Weaknesses include the uncertainty over the possible repercussions following the Brexit referendum and the ensuing decision for the UK to leave the EU, the high level of public debt, and also the dependence on the financial services sector.

- Index of Economic Freedom (The Heritage Foundation, USA)

The Index of Economic Freedom ranks countries according to the level of liberty and freedom in markets using a 12-dimension index from property rights to financial freedom. In the 2018 Index of Economic Freedom report (Country Rankings 2018 Index of Economic Freedom, 2018b), the UK was ranked at number 8 out of the 186 countries measured. The 2017 analysis (based on data collected between July 2015 and June 2016, so pre-Brexit vote) measured the UK at number 12 on the economic freedom scale. In this report, the Brexit vote is considered a key factor to offer more economic freedom to the UK market in their future outside the EU. It should be noted that this view is not shared by all British citizens.

- Forbes Best Countries for Business

The 2018 data for the Forbes "Best Countries for Business" list ranks the UK as the top country for doing business in the world (Badenhausen, 2017). The strong points are identified as investor protection, personal freedom, technology, and trade freedom. It should be noted that the previous year's results placed the UK at number 5. Again, according to this analysis, it would seem that the vote to leave the European Union (EU) has been beneficial from an economic and international trading point of view.

- Unemployment and Purchasing Power

Unemployment figures in 2017 were at their lowest level since 1975. Current figures show that the unemployment rate is now below 5%. Despite these encouraging figures on unemployment, purchasing power has been affected by the weakening of the pound since the Brexit vote and by rising inflation. Predictions show that household debt will hit a new record high in 2018 due to heightened credit card borrowing (Wallace, 2017). This financial uncertainty regarding personal debt is a source of instability for the economy.

- A Centralised Economy

Part of the relatively recent decision to proceed with the devolution of government power from London to Northern Ireland, Scotland, and Wales was to encourage a fairer distribution of wealth within the British economy. The plan appears not to have delivered on this point. To this day, London remains the epicentre of the UK economy. When this was last measured in 2015, the

London and south-east economy represented almost 40% of the national output (Elliott, 2017). London itself is responsible for one-quarter of the national output. This figure is forecast to increase in the near future. The economic output per capita or Gross Value Added (GVA) in London is more than double that of anywhere else in the UK (Allen, 2016).

Brexit

The Vote and Results: At the end of June 2016, the UK voted to leave the EU. The "Leave" position obtained a slim majority of 52%, proving that the "island mindset" (see below) is still a real phenomenon to many people living in the UK today (Clarke, Goodwin, & Whiteley, 2017; Green, 2017; Rosenbaum, 2017). Some people voiced their opinions openly but for the majority of the British people, the political vote is a private topic, to be avoided unless it is brought up first by your British negotiating partner. Even then, British people—whichever side they voted for—do not generally like to discuss their political views with relative strangers or business acquaintances. You should not make reference to the Brexit vote and certainly not opine as to whether the UK is right or wrong to leave the EU. The Brexit referendum split the country and its people; friends of many years fell out over the Leave/Remain campaigns. It would be a shame to get your negotiation off to a bad start before it has even begun!

The Consequences: Over two years after the vote took place, we are still not sure of the consequences that this will have on the UK and how the country will continue to trade with the outside world. It is expected that negotiations between the UK and the remaining member countries of the EU regarding the UK's withdrawal will last a number of years. During this period, most forecasts show that trade will remain more or less the same. However, there will be a time where trade tariffs and other possible Non-Trade Barriers (NTBs) will be considered. Despite what the UK Parliament states, the UK cannot expect to enjoy the same free trade privileges with the EU that they have had as an EU member up until now.

This unknown factor regarding the future of trade between the EU and the UK, and indeed the rest of the world, was expected to have a knock-on effect on Foreign Direct Investment (FDI) in the UK. Indeed, the London School of Economics predicted that FDI would decrease by up to 22% over the next decade (Dhingra, Ottaviano, Sampson, & Van Reenen, 2016). There has also been much speculation about finance companies in the City (the financial district in London) moving their headquarters from London to other

European destinations. Paris and Frankfurt are both forerunners for this potential move. This would have a very negative effect for the UK economy as much of the current wealth comes from the financial services sector. However, despite a decrease in productivity in the year since the Brexit vote, we have not seen any evidence so far of the much-anticipated decrease in FDI materialising (Hosking, 2017; Kekic, 2017).

In part, this is probably due to the post-Brexit-weakened pound making an investment at this time more attractive. It may also be that the location of the UK and the fact that English is still the predominant language of global business continue to make the country attractive from an ease-of-access perspective.

National Preferences (Mindset) to Approaching and Resolving Differences, Disputes, and Conflicts in Business, Politics, or Personal Life

Diplomacy and Politeness Above All Else

The British are famous the world over for their "diplomatic approach" to conflict. However, this non-conflictual style of British negotiators can be misunderstood by counterparts coming from another culture who may perceive such diplomacy to be a way of avoiding the real subject on the negotiating table. The British have a less direct approach, when compared to many of their international counterparts. This comes from a very strong sense of what it means to be polite in Britain. The boundaries around politeness, manners, and respect which have been established in British society throughout history have a fundamental place in any negotiation with a British person.

More often than not, the reason that two or more parties need to hold a negotiation is to find a solution to a conflict. If there is no conflict, then there is no need to negotiate! Unfortunately, most Britons dislike direct or open conflict. This doesn't mean that British people are bad negotiators; it just means that they may approach the negotiation somewhat differently to other cultures where conflict is more easily accepted and voiced. The British may "talk around the issue" and therefore take longer to arrive at the heart of the conflict. This can seem like time wasting to more conflictual cultures, but it is a necessary part of the British way to avoid being perceived as impolite.

Don't Be Fooled by the Legendary British Understatements

English is something of a paradox for anybody learning it as a foreign language. The grammar is uncommonly simple; there are no genders for inanimate objects; there are no complicated verb endings for each personal pronoun apart from adding an "s" to the third person singular; the reading-to-spoken word pronunciation is relatively simple compared to many other languages. So where does the paradox figure? Well, the first problem lies in numbers and words; to be precise—the number *of* words. The English vocabulary is vast and estimated at containing over one million words; the language is largely accepted as having the highest number of words in any language (R.L.G., 2010). Never was it more important, in any new language learning venture, to learn your new vocabulary list each week!

The sheer breadth of the English vocabulary is not the only complexity pertaining to the English language. There is also the issue of how the British use this vast array of words and how non-native speakers should understand them. The British are masters of the understatement (Trompenaars and Hampden-Turner, 1993). This means that they will often describe a situation as being less important than it really is. There is a close link here with the British sense of humour which plays on sarcasm and self-deprecation.

Humour & understatement can be confusing!

My (British) brothers both live in America and play on a football (soccer) team in an over-30s league. True to their British traditions, my brothers live for their weekly football match. They play their hearts out for 90 minutes on the pitch and then enjoy a post-mortem on match tactics over a beer or two after the match with their American teammates. Whilst staying with my brothers recently, I arranged to meet them after the match and have a drink with the team. As I walked in I noticed that everyone was sat nursing their beer looking rather glum. "What was the score?", I asked my brother. "We didn't play our best-ever match", he replied. My other brother looked over and smiled ruefully. The 9 other American players all turned to look at my brother in horror. "We didn't play our best ever match?!" they shouted, "We lost 7-0!". A classic example of British understatement and self-deprecating humour. The three Brits in the bar understood the intent behind the understatement; the Americans were left dumb-founded!

When your British counterpart talks over your offer and says something like, "that's not really the best solution for me"/"that's not quite how I see things"/"I'd like to make some slight amendments here"/"we're not quite there yet", for example, they don't necessarily mean that your offer just needs some fine-tuning. They probably mean there is no conceivable way they could ever possibly contemplate this as a solution!

This use of understatement in language comes from an inherent need for the British to behave politely. Of course, politeness has a different significance in different cultures, but in the UK, where queuing up is a national obsession, the idea of politeness comes down to the idea of not offending anyone, of not hurting anybody's feelings. In order to avoid causing offence in a negotiation, British negotiators will often use a less direct approach in their communication. This can be very confusing to cultures that have to communicate more directly. Sometimes communication is so indirect that there is no communication at all! Asking questions is key in order to really understand what your British counterpart is looking for in this deal.

The British "Stiff Upper Lip"

The "stiff upper lip", literally, refers to the top lip not moving in any way. It is the top lip which will begin to tremble when you are near to tears—unless you are able, by force of will and training, to hold it firm. One of the great clichés about the British is that they do not like to show their emotions. It goes without saying that the British have the same depth and range of feelings and emotions as any other culture in the world; they're just not apt to show them. This can be a useful trait for the British in a negotiation as even in a stressful situation it will be very hard to judge if your British counterpart is upset/frustrated/angry, and so on. This external filter to any emotional sensitivity can also be problematic as non-British negotiators may think that their British counterparts have no passion, no fire, and no empathy in their negotiations. For some more emotionally expressive cultures, this can be disconcerting and could seem inauthentic.

National Negotiating Styles, Strategies, and Techniques Based on a Literature Review and Personal Experience

Negotiation Styles

The Thomas-Kilmann Conflict Mode Instrument (TKI) is one of the leading models for depicting different negotiation styles (Kilmann & Thomas, 2017). However, this tool focuses on personal preferences or orientations rather than on

Table 7.2 Intercultural conflict styles

Communication style	Emotional restraint	Emotional expressiveness
Direct communication	Discussion style	Engagement style
Indirect communication	Accommodation style	Dynamic style

Adapted from Hammer's Model of Intercultural Conflict Styles (2005)

cultural traits. Hammer's Intercultural Conflict Style Inventory model (Hammer, 2005) has taken TKI as a starting point and has endeavoured to place a cultural aspect onto the negotiation styles model. Rather than talking about assertiveness and cooperation levels as measured in TKI, Hammer prefers to measure the direct or indirect way of communication along with the level of emotional expressiveness or emotional restraint (Table 7.2).

We have already noted that the UK falls into a less direct way of communication. We can also factor in that the British are an emotionally restrained nation. Under Hammer's Intercultural Conflict Style Inventory model, this would classify the British negotiating style as "Accommodating". On the surface, this is indeed how the British are probably thought of: British politeness and diplomacy may lead the observer towards the conclusion that the British tend towards a more accommodating style of negotiation. However, this is probably only half the story. As the English idiom goes, don't judge a book by its cover!

Just because the British are less direct in their communication (they communicate a point by talking around the issue and dropping hints as to what they really want so as to avoid appearing rude) and are not as expressive in their emotions as some of their southern European neighbours, for example, this does not mean that they are pushovers at the negotiation table. Be wary of outward appearances!

Although the British may appear to be accommodating, let's not forget their high score on masculinity and individualism on the Hofstede model, which highlights a more competitive side to the culture. The British may come across as outwardly accommodating but remember: They are steely negotiating counterparts who are able to keep their emotions in check in order to meet their goals and ensure they achieve the best possible results from the negotiation (Ting-Toomey, 2004).

Negotiation Techniques

Negotiation techniques usually correlate to negotiation styles. When talking of the (outwardly visible) British style of "accommodating", we can draw some conclusions between this style and the negotiation techniques that are used in the UK.

Planning and Preparation

The British have been renowned throughout their military history as being excellent planners. They are also masters at "making the best of a bad situation". There is little in the UK that cannot be improved by a good cup of tea! These two aspects of impeccable planning and "can-do" attitude make for formidable counterparts in any negotiation. The British take a pragmatic view of business, and negotiation does not escape this rule. British negotiators will take time to plan and prepare their negotiations from all angles. They will prepare their goals, their concessions, and their backup plan if all else fails. This is usually done with military precision. The cool, calm, and collected appearance may just be the outward sign of how well prepared your British counterpart is for your meeting.

Small Talk

One of the many idiosyncrasies within the British culture is that although the British are generally reserved and private, they are also experts in the art of small talk. Small talk is usually done at the start of a negotiation and is sometimes referred to as an icebreaker in other cultures. It is the initial "chat" that you may have with your counterpart at the coffee machine or on the walk from the reception area to the meeting room, for example. Although the British have forged themselves a reputation as being very private and therefore not particularly forthcoming, they are more than happy to have a short discussion about more superficial topics even with complete strangers! As long as the subjects discussed are not personal, this is a great way to start to create a relationship with your British counterpart, particularly if the British culture seems to be more outwardly prickly than your own.

However, there are some dos and don'ts to the intricacies of British small talk. First of all, let's talk about the weather. The weather is an obvious small talk topic the world over; in the UK, talking about the weather is a national hobby. If two British people start talking, whether they are complete strangers or have been friends for decades, the subject of the weather will come up fairly early in the conversation and continue on for longer than you would expect. If you are not British, you'll probably be asking yourself why!

Let's talk about the weather...

Everybody knows that the UK climate is characterised by a standard grey drizzle, with the probability of a heavy downpour at some point during the day. It really doesn't vary that much. The sweeping generalisation of all British people never leaving the house without their umbrella is only half true; we also take a rain jacket with us too! Still, we often talk at length about the weather, and this interactional topic is not without its social rules. The most important one, in our context, is that however much British people love to lament about the weather between ourselves, we do not condone non-Brits moaning or commenting about it! It's a similar situation with mothers and mothers-in-law: I can say something mean about my own mother but if my husband were to say something mean about my Mum, well, that's just not allowed! It may be double standards but indulge us with this small oddity: the weather is awful, we know that, we don't need to be told so by a non-Brit!

Other topics to be avoided are travel (the roads in the UK are very congested and traffic jams are horrendous; don't start the negotiation with a negative!), food (Brits eat to survive, not so much for pleasure), Brexit and politics in general, personal wealth ("how much do you earn?", a perfectly reasonable question in some corners of the world, is probably the rudest question you could ask a Brit).

So, what *can* you talk about? Well, another national obsession, apart from the weather, is football (or soccer). Most people will follow a local or premier league team; a lot of them will do so passionately! However, before you start the conversation by telling your counterpart you're a huge Manchester United fan, you may want to check and see who they support first. If they're a Manchester City fan this may not be the best start to your negotiation! Even if they do not have a huge interest in football, most people will be interested in some form of sport, whether that is golf, cycling, athletics, and so on. There is usually a world or European sports championship which is going on or coming up in at least one sport which would be a good starting point to initiate the conversation.

Other potential topics include holidays (a lot of British people holiday abroad so you could find some common places you may also have visited) or local heritage and places of interest (if you've visited a museum nearby, e.g., or you could always ask for recommendations in the area). Whilst we're on the subject of small talk and the start of the meeting, let's discuss refreshments too. Most business people will drink coffee, but many might prefer (hot) tea. If you are visiting the UK for your negotiation, your British counterpart will delight in any attempt of yours to drink tea like a Brit (hot, strong, plain, and with a splash of cold milk in it). If you are receiving a British person at your facility outside the UK, it will be much appreciated if you provide British tea and milk in addition to offering coffee.

Persuading

In the *The Culture Map* (Meyer, 2015), the author refers to the different ways that cultures can be persuaded. This is an important factor to take into consideration when negotiating with a different culture: One of the fundamental aspects to succeeding in a negotiation is being able to persuade the other party to align with your point of view.

Meyer presents the case that persuasion can work on a "principles-first" or an "applications-first" basis. If a culture is more "principles first", it means that they are more likely to want to understand the theory or the general context before being presented with a fact or a statement. Conversely, for "applications-first" cultures, the theoretical or philosophical discussions are not necessary; people would rather start with the facts and then add any necessary extra information if needed. The British are relatively high on the "applications-first" axis. In order to be able to persuade your British counterpart, you need to give evidence-based facts in order to influence your counterpart.

If you are visiting a British company to present a new product/service/idea, show them the conclusion first; clarify, very early on: What are the benefits to them? What do they stand to gain from accepting your proposal? Why is this a good thing for them? Once you have their interest, you can then start to work backwards and give some of the background and context to your proposal if necessary. In general, don't waste time with a contextual analysis of the big-picture situation!

Qualities, Strengths, and Weaknesses of This Country's Negotiators

Strengths of British Negotiators

British negotiators are, like any other culture, complex characters. They have many strengths, some of which can also be perceived as weaknesses by different cultures.

Planning and Time Management: The British are great planners. They are rarely caught unprepared. They also take time management very seriously. The British work under a monochronic approach to time. This means that time is a commodity and should be managed as such. There is a day, hour, minute, and second for each task to be performed. Wasting time is seen as sacrilegious. On a linear time scale (Meyer, 2015), the UK is seen as being a linear time culture meaning that tasks are completed one by one and in the correct order. A meeting agenda in the UK will probably also be broken down into time slots for each point to be discussed. Punctuality is a key aspect of business and personal life. It is not appropriate to keep a British person waiting; even five minutes after the scheduled meeting time is considered as being late and therefore rude.

On time? No, best to be ahead of schedule!

As a child, my family would always holiday in France in the summer. We were part of the mass exodus from the UK in August where many Brits would leave the damp British summer to head for sunnier climes in France or Spain. The journey was made by road and the first part of the trip was the drive to the south coast to catch the ferry in Dover. We would leave our home according to my Dad's military planning. Every year we would make it onto an earlier ferry than the one my parents had booked because we were not only on time but actually ahead of schedule! To this day, this is still a laughing point in our family.

Housekeeping and Administration: As discussed earlier in this chapter, the British low-context communication method means that they are also more likely to follow up verbal discussions or agreements in writing. This is sometimes referred to as "housekeeping" by the British. It is another paradox that this culture which prides itself on being at the origin of the old-fashioned term "gentleman's agreement" should at the same time be so concerned with written confirmation. Do not take offence if your British counterpart follows up all your meetings with a written Minutes of Meeting document. Although the spoken word is still very important in the UK, the British also like the security of a written document which "crosses all the t's and dots all the i's", as they so often say. The written documents will then be used for following up the actions or outstanding points from each meeting. The British can be tenacious in making sure the job gets done until the very end. They will always follow up on actions that have been agreed during the meeting.

Creativity and Innovation: As we saw earlier, when referring to Hofstede's Insights on culture, the Uncertainty Avoidance score is very low for the UK. This means the British accept risk and ambiguity easily. The UK has long been famed as a country of inventors, having been involved in the invention of the steam engine, the telephone, or indeed, more recently, the World Wide Web (The Radio Times, 2013). This creative and innovative culture continues today. According to the World Economic Forum, the UK is the fifth most entrepreneurial country in Europe; this rating moves up to third place if you consider the innovations and ideas started within an existing organisation rather than an independent start-up venture (Gray, 2017).

For negotiation purposes, this creativity and innovative mindset is a great quality for coming up with potential solutions to a conflict—what Roger Fisher, William Ury, and Bruce Patton (2011) refer to as "options". British negotiators will endeavour to look for the positive outcome of the conflict by inventing different options and discussing them with their counterpart. Some of these potential solutions may seem a little crazy to some more conservative thinking cultures, but it is generally much better to have lots of options, even some slightly out-of-the-box ones, than none at all!

Weaknesses of British Negotiators

As mentioned earlier, some of the strengths in one culture can also be viewed as a weakness by another culture.

Lack of Flexibility with Time Management: The British pride themselves on their respect of time as a commodity. Their Swiss and German negotiating partners will find this to be a good quality when negotiating with the British as they are also cultures that score highly on the linear scale for time management. However, other cultures with a more flexible approach to time such as southern European countries or China or India, for example, could find this minute management stifling. If a culture considers time as a malleable or liquid element which has a life of its own and should be left to its own devices, they will probably struggle to adhere to the very linear approach of the British.

UK time doesn't mean Guatemalan time!

On a business trip to Guatemala some years ago, I was due to meet a supplier with one of the buyers from my team who was based there. About 10 minutes before the meeting was due to start I suggested to my colleague that we should proceed to the meeting room and be ready to collect the supplier from reception. My colleague looked at me with raised eyebrows. She suggested that we could stay and work in the open space area until the supplier arrived. As soon as the meeting was due to start I began to pace the room looking at my watch every other second. By the time 15 minutes had passed after the supposed start time with still no show from the supplier I was starting to feel rather anxious. "Should we call them?" I asked my Guatemalan colleague. She glanced at me with a look of pity, "I don't think we need to call" she said and turned back to her computer,

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totally unfazed. This continued for the rest of the afternoon. The supplier didn't come. They didn't call either. I was horrified! I had to go back to Europe and so I left without meeting them. Upon my arrival back in Europe, I found out that the supplier had turned up three days after the intended meeting date! Not three hours, but three days! This was unfathomable to me but for my Guatemalan colleague this was totally normal. The supplier turned out to be a great supplier for us. If I had worked purely under my British sense of time I wouldn't have accepted to meet them three days after the allocated meeting time and therefore we'd have missed out on a great supplier relationship. Sometimes it's important to be a little more flexible!

The "Island Mentality": The British live on a relatively small land mass compared to the number of people who reside there. Years before any mention of Brexit, the British referred to Europe as "mainland Europe" therefore isolating themselves as a separate island from the rest of the EU nations. The British do not have land borders with any other country. The surrounding seas alienate them from their nearest neighbours. This physical isolation can often result in a mental and cultural isolation where people may consider themselves superior to other countries. The "leave" vote in the Brexit referendum has not helped this mentality.

Island mentality can manifest itself by the people seeming narrow minded and even ignorant about certain issues. This is, of course, not the case for all British people (e.g., let's not forget here that 48% of the population voted to stay in the EU). It is unlikely that you will be confronted with this sort of narrow-mindedness in a business relationship. As a general rule, Londoners will be more open-minded than some other regions; London is a very multicultural city, and therefore, people are usually more open to different opinions, different ways of working, and generally more inclusive.

Manners and Politeness to the Extreme: As we have discussed previously, British manners and politeness are of paramount importance when negotiating in the UK. It is crucial to comply with the "good manners" of the country if you want to fit in as much as possible. This can range from holding the door open for people walking behind you (however far behind you they may be!) to eating soup in the correct fashion (tip the soup bowl away from you and use the spoon in an outward scooping action rather than inwards towards you). All the little details of respecting this unspoken code will be much appreciated by your British counterparts.

However, there can sometimes be too much of a good thing! The British are so concerned about politeness and not offending those around them that this may impact the negotiation in a negative way. If you expect your British counterpart to clearly state whether they agree with you or not, you may be waiting a long time. The British are famed for their indirect way of communicating, and this is none so truer than when they are giving a negative message. In order to show disagreement, they will probably politely state that there is "still some work to do", for example. This may lead you to believe that you are almost at an agreement. In all likelihood, this is just the British way of saying, "we really do not agree at all"!

There is a famous conversion chart that has been an internet sensation in recent years on deciphering what the British actually mean. Although the original author is unconfirmed, it is thought that it was written by a Dutch company to help their employees work with their English colleagues (Philipson, 2013) (Table 7.3).

Although this is a humorous approach to translating what the British really mean, there is an element of truth here. The reality is that when negotiating with someone from the UK, you do need to be ready to read between the lines. The British will drop hints about their thoughts rather than telling you

Table 7.3 What the British mean!

What the British Say	What the British mean	What foreigners understand
I hear what you say	I disagree and do not want to discuss it further	He accepts my point of view
With the greatest respect	You are an idiot	He is listening to me
That's not bad	That's good	That's poor
That is a very brave proposal	You are insane	He thinks I have courage
Quite good	A bit disappointing	Quite good
I would suggest	Do it or be prepared to justify yourself	Think about the idea, but do what you like
Oh, incidentally/By the way	The primary purpose of our discussion is	That is not very important
I was a bit disappointed that	I am annoyed that	It doesn't really matter
Very interesting	That is clearly nonsense	They are impressed
I'll bear it in mind	I've forgotten it already	They will probably do it
I'm sure it's my fault	It's your fault	Why do they think it was their fault?
You must come for dinner	It's not an invitation, I'm just being polite	I will get an invitation soon
I almost agree	I don't agree at all	He's not far from agreement
I only have a few minor comments	Please rewrite completely	He has found a few typos
Could we consider some other options	I don't like your idea	They have not decided yet

Adapted from Philipson (2013)

directly exactly what they think. The other quirk that you will find with any interaction with British people is that they apologise constantly.

The great British apology!

I remember being in a clothing store some years ago and I bumped into somebody. Without stopping to wonder whether it was my fault or theirs, I turned around to immediately apologise to the person I had bumped into. It turned out that the 'person' was a mannequin! I finished my apology and quickly moved on!

This is also part of our politeness etiquette and can be very comical to other cultures. We will often get ourselves into "perpetual apology scenarios". This means that person A will apologise to person B, then person B insists that it was their fault and apologises back to person A only for person A to continue in their apology to person B, and the cycle continues.

This apologetic behaviour can seem strange to other cultures in a negotiation situation and can even be perceived as a sign of weakness from their British counterpart. Do not be fooled! Apologising is part of the British DNA; this does not mean that we feel inferior in the negotiation or that the British side is in a weaker position.

An apology is such an accepted social norm in the UK that people even preface a negative comment with an apology. For example, if your British counterpart wants to tell you that this deal is totally unacceptable, she/he may say something like, "I'm sorry to have to tell you this but this proposition still needs to be fine-tuned". We have apology, understatement, and politeness all rolled into one sentence!

Exceptions to National Negotiation Culture: Subcultures, Contextual Differences, Change Processes

Subcultures

In the "Country Background Analysis" section at the start of this chapter, we discussed the different parts of the UK: England, Northern Ireland, Scotland, and Wales. These countries within the UK all have their own subcultures with their own traditions and food specialities, for example. As a general rule, people become friendlier the further north you go in the UK. Londoners can seem stand-offish (a very British word to mean "cold") at a first glance. However, as we know already, first impressions can be wrong, and there is a certain camaraderie even in the capital that can be truly heart-warming.

Mind the gap!

The underground or 'tube' in London is famous for being the first underground train system in the world (it dates back to the late 1800s). It is also famous for being an unfriendly place where commuters keep their faces to their newspapers (or phones!) and no eye contact is made. As with most clichés this is only half true.

After delivering a recent training course in London, I found myself having to take the tube to get from the training centre in west London to travel to Kings Cross in the north of the city. The journey meant making two changes and to make matters worse it was during the Friday evening rush hour and I had a huge suitcase with me. I was dreading it.

The journey was a revelation. At each tube stop, a fellow commuter would spontaneously carry my suitcase on or off the carriage for me without me needing to ask for help. Every time I came to a set of stairs in the stations where I needed to change lines, somebody would grab the suitcase and carry it up the stairs for me. Again, I didn't ask for help, they just assumed it was the correct thing to do. The people that helped me varied from businessmen in suits to teenagers in hoodies and earphones. The experience restored my faith in mankind, and in Londoners especially!

Subcultures also exist within the four countries which are part of the UK. Each country is divided into regions called counties. These counties can also have subcultures which are specific to them alone. It's a good idea to research the actual area where you will be travelling to and negotiating in to ensure that you also take into account any regional subcultures that may exist.

Accents

Most people who learn English as a foreign language will learn what is referred to as "BBC English" or "the Queen's English". This can be defined (more or less) as a middle-/upper-class London accent.

Although the UK is a relatively small place in terms of land area, the range of accents is impressive! Of course, first of all, there are some significant differences between the English, Irish, Scottish, and Welsh accents. These are mostly quite well known by foreigners who find some of them more or less difficult to understand than others. However, accents also vary significantly within regions: There is a significant difference between the North and South Welsh accents and even though Manchester and Liverpool are only 31 miles (50 km) apart, people from all over the UK will be able to identify a Mancunian from a Liverpudlian even before they finish their first sentence!

Change Process

Most humans are reticent to change at first. We are creatures of habit, and therefore, anything new can be a challenge. However, as we saw (above) regarding Hofstede's uncertainty avoidance dimension, the British are comfortable with ambiguous situations. Change is often very ambiguous. We have also previously discussed the open-mindedness of the British concerning innovative breakthroughs such as new technology, for example. These two factors mean that the British are often much more accepting of change compared to other cultures. As we saw in earlier sections of this chapter, it is helpful to use the "applications-first" approach when persuading the British to accept new ideas or new ways of working, for example. As long as you can convince your British counterpart of the concrete advantages to be achieved in undergoing a change, they should be relatively open to discussing and then accepting this change.

Best Practices for Negotiating with Managers from This Country

We have discussed many different elements of how to negotiate with the British throughout this chapter. Some references such as *Kiss, Bow, or Shake Hands: Europe* (Morrison & Conaway, 2007) offer practical guidelines of what to do and what not to do whilst working with different cultures. However, these guidelines often remain somewhat superficial, and today, most of us recognise that culture goes a lot deeper than superficial rules and regulations. The following table gives an overview of Dos and Don'ts to remember when dealing with the British which attempt to cover more than the easily-visible aspects (Table 7.4).

Table 7.4 Successful negotiations the British way

Dos	Don'ts
1. Be punctual 2. Thank people for their time 3. Be positive, smile 4. Respect personal space 5. Talk about football, the local area 6. Know your geography, use the term "British" 7. Read between the lines (due to non-direct communication style) 8. Reformulate to ensure you have understood (understatements etc.) 9. Be clear on what the advantages are to them 10. Show an appreciation for tea!	1. Don't call somebody "English", they may be Scottish for example 2. Don't be late 3. Don't talk about the weather, Brexit, politics, the monarchy, religion, private money 4. Don't take offence if your counterpart follows up each verbal agreement in writing 5. Don't be too direct in your communication; this could be seen as being rude 6. Don't be too emotionally expressive 7. Do not try to touch your counterpart (apart from a handshake) 8. Don't waste time on the big picture

Author's own creation

Final Thoughts

As with many different cultures and nationalities, we tend to rely on clichés and stereotypes as to how we think the British function. It would be a mistake to do this if entering into a negotiation with a British counterpart. As we have discussed, the British can be seen as a complex nation from an outsider's point of view. There are many aspects of the British culture which can have a positive effect on negotiations such as linear time management, meticulous planning and preparation, and the positive "can-do" approach which also leads to a high level of creativity in problem-solving.

However, international negotiators who fail to recognise the hidden depths to the British culture such as reading between the lines of understatements or misinterpreting an apology as a sign of weakness may find themselves losing ground very quickly in a negotiation with a British counterpart. Conversely, negotiators able to bring the necessary insight and understanding of these intricate layers underlying the British way of negotiating will be much more successful in leading positive negotiations with their British counterparts.

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8

Negotiating with Managers from Mexico

Olivia Hernández-Pozas, Habib Chamoun-Nicolas, and Randy D. Hazlett

Introduction

About ten years ago, a negotiation research questionnaire was sent to more than 20 prestigious universities in an effort to compare what undergraduate and graduate schools are teaching regarding negotiation and conflict management across Mexico and Spain. The first round's response rate was zero. A second round invited all the universities to complete the questionnaire, noting that they would be mentioned in a scholarly paper. Still, no one answered! Some recipients were asked why they were unwilling to share the information. Some did not believe it was a worthy subject of study; others did not want to share their syllabi; still others simply did not care. This experiment demonstrated a reluctance to cooperate, even at some of the most prestigious institutions, as well as a lack of interest in the subject of negotiation. Two factors that have shifted interest in favor of studying negotiation are business globalization and the influence of global education. In this chapter, we analyze Mexican negotiation behavior.

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First, we present a historical perspective and national indicators of Mexico, which show us how, today, Mexico and Latin America are playing an increasing role in global negotiation as more and more international businesses are now conducting operations in Mexico and Latin America. This makes knowledge of local business cultural norms paramount. Then, we follow with a cultural analysis of Mexico using Hofstede's cultural dimensions (2017) and Hall's (1977) notion of Low-High Context. We also present Fons Trompenaars & Hamden-Turner's 7D (1993) analysis of culture and Mexican characteristics. We additionally include a section on understanding the Mexican business environment and how Mexicans approach negotiation and conflict management using Salacuse's (1998) model of ten cultural factors that affect negotiation style. We present the results of research conducted on Latin America by Salacuse and those extended to Mexicans and Argentinians (Chamoun & Linzoain, 2003) that show similarities with Salacuse's experimental data. With these models, we can better understand how Mexican affects Mexican negotiation style.

We continue by applying the work of Chamoun, Hazlett, Estwanik, Mora, and Mendoza (2017) on conflict management and boxing with historical examples from Mexican hierarchical society. We found this boxing model helpful for describing many elements of the typical Mexican negotiation style across a variety of situations. The chapter ends with an analysis section of qualities, strengths, and weaknesses of Mexican negotiators, a comparison between the Mexican and Argentinian style, and conclusions.

This chapter intends to help negotiators better prepare for negotiating in Mexico and Latin America without creating or propagating stereotypes.

Historical Perspectives and National Indicators of Mexico

Grounded in an indigenous past, with postmodern nuances, Mexico shows surprising contrasts between rural areas and urban centers. While rural areas still struggle for survival, modern and industrial urban centers rapidly progress. Since the late 1980s, Mexico moved away from a closed economy, which depended on oil and external debt, to an open, diversified, and much better equipped economy (De la Madrid, 2014). Conservative, hierarchical, and authoritarian social structures now coexist with innovative, state-of-the-art organizations.

After 30 years of free market policies, Mexico plays an increasing role in global negotiation with more international businesses having operations in the region. This makes knowledge of Mexican business cultural norms paramount. Mexico is extraordinarily attractive to international businesses because of its location, its productive capacity, its growing domestic market, its ongoing reforms, and its many trade agreements.

In Latin America, Mexico is the second-largest economy, and in the world, it is the 15th. With a population of 127 million people, Mexico is one of the most populous countries. In fact, it is the third in gross domestic product (GDP) per capita among the list of most populous countries. Mexico has many free trade agreements that grant preferential access to 45 countries. It is a leading exporter of high-tech advanced manufacturing, accounting for 35% of Latin America's total trade. Mexico is 20th among a list of 29 countries in the highest quintile of industrialized countries. The main Mexican industries include Automotive, Aerospace, Information Technologies, Electric, Electronic, Domestic appliances, Food and Beverages, Renewable Energies, Metal-Mechanic, Mining, Creative Industries, Fashion and Design, Medical Devices, Pharmaceutical, Tourism, and Medical Tourism.

With regards to Foreign Direct Investment (FDI), according to ProMexico (2018), Mexico has 32 agreements to promote reciprocal FDI. Mexico is the second-highest recipient of FDI in Latin America and the Caribbean, and the 16th-highest recipient in the world. According to A.T. Kearney, Mexico ranks 17th out of the 25 most attractive countries for investors globally (ProMexico, 2018). In 2016, 46% of FDI came from North America and 31% from the European Union (EU). Mexico is also investing abroad. Mexican companies such as Bimbo, GCC, Cemex, Industrias CH, Alfa, Grupo Mexico, Mexichem, La Costeña, San Luis Rassini, Cinepolis, Metalsa, Softek, Katcon, Chedraui, and many others now invest abroad and compete internationally.

Mexico is the third-most competitive country in Latin America and the Caribbean, only behind Panama and Chile. Mexico is in the 15th place for reliability in the development of the financial market. Moody's Corporation, quoted by ProMexico (2018), states that Mexico is the best country to do business in Latin America. It holds a qualification of A3. In Mexico, it only takes 8 days to open a business, 8 hours to finish an exporting process, and 18 hours to complete an importing process.

Mexico is close, culturally and geographically, to Latin American countries. Recently, Mexico, Chile, Colombia, and Peru signed the Pacific Alliance agreement of commercial integration. The Pacific Alliance offers a market of 220 million potential consumers, and together, these countries represent the 10th greatest economy in the world (ProMexico, 2018).

The proximity of Mexico to the US has exerted extraordinary influence on Mexico (Al Camp, 2011). Throughout the years, and especially after the North American Free Trade Agreement (NAFTA) came into force, the US and Mexico have developed a significant commercial partnership. However, since Donald Trump's election as US president, the future of NAFTA and the US-Mexico commercial relationship is uncertain. This has compelled Mexico to look for new markets and to diversify its commercial partnerships.

Since 2000, Mexico and the EU have shared commercial exchange. By 2017, trade between Mexico and The EU had quadrupled. Today, the EU is Mexico's third largest commercial partner, and it is the second-largest investor in the country. In 2018, this agreement was updated, facilitating opportunities for new collaboration. In 2018, Mexico signed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), forming one of the most dynamic commercial zones in the world and expanding its economic and commercial activity to new markets: Australia, Brunei, Malaysia, New Zealand, Singapore, and Vietnam.

In sum, Mexico is today one of the most open economies in the world, having linked 70% of its GDP in 2016 to international business. In recent years, Mexico has made important structural reforms in the fields of education, energy, telecommunications, fiscal policy, and the political process. These reforms offer unprecedented opportunities for international business. Thus, effective negotiation across cultures is an imperative for Mexicans and for foreign people seeking to do business in Mexico.

Cultural Analysis of Mexico

In Chap. 6 of this book—*Global Cultural Systems, Communication and Negotiation*—we introduced the now classic work of Hofstede (1980) as well as other cultural frameworks including, among others, Hall's (1977) notion of Low/High Context and Trompenaars & Hampen-Turner's (1993) 7D Model. Let us now apply these national culture frameworks to Mexico.

In his initial work, Hofstede identified four major dimensions: Individualism and Collectivism, Power Distance, Uncertainty Avoidance, and Masculinity-Femininity. Later, Hofstede introduced a new dimension called Short–Long-Term Orientation. Finally, in 2010, the sixth dimension, Indulgence-Restraint, was added to form the current 6D model.

In Hofstede's 6D model, Mexico ranks low on Individualism (30) and Long-term orientation (24), while it ranks high on Power Distance (81), Uncertainty Avoidance (82), Masculinity (69), and Indulgence (97) (Hofstede Insights, 2017). Definitions of Hofstede's cultural dimensions and Mexican scores are included in Table 8.1.

Table 8.1 Definitions of Hofstede's 6D national culture model and Mexican scores

Cultural dimension	Definition
Individualism-Collectivism (IDV) Mexico: Low IDV (30)	IDV is the degree to which people integrate into groups. In individualist societies, the ties between individuals are loose. In contrast, individuals, in collectivist societies, integrate into strong groups. In these groups, members provide protection in exchange for loyalty. In individualist societies, values such as independence and achievement of the individual are more relevant than the well-being of the group. Mexico is a collectivist society
Masculinity-Femininity (MAS) Mexico: High MAS (69)	MAS is the degree to which people prefer achievement, competition, and assertive behavior over social, feminine values, such as cooperation and modesty. Mexico tends toward the masculine side of the spectrum
Low-High Uncertainty Avoidance (UAI) Mexico: High UAI (82)	UAI refers to the inclination of people to pursue or avoid uncertain situations. Those in high-UAI societies such as Mexico prefer to reduce the level of uncertainty by having clear structures and regulations. Meanwhile, those in low-UAI societies are more willing to accept uncertainty and do not need strict regulations
Low-High Power Distance (PDI) Mexico: High PDI (81)	PDI refers to the degree to which members of a society accept or even expect hierarchical differences in social relationships. In Mexico, people are very accepting of such differences and see them as the natural order of things
Short-Long-Term Orientation (LTO) Mexico: Low LTO (24)	People in LTO societies put more attention to values that relate to the future, for example, perseverance and thrift. For them, history and traditions are important. Mexico is a short-term orientation society, which focuses more on the moment
Indulgence-Restraint (IND) Mexico: High IND (97)	A society ranking high on IND, such as Mexico, is one in which free satisfaction of basic human impulses related to enjoying life and having fun prevail. In contrast, a society, ranking low in IND is one abolishing the satisfaction of these needs and regulating them through strict social norms

Authors' own creation

With regard to Hall's (1977) notion of Low/High Context, most Mexicans fit in the High Context description (see Table 8.2).

Using Trompenaars & Hampen-Turner's (1993) 7D Model, Mexicans show preferences associated with Particularism, Communitarianism, Diffuse and Affective preferences, Ascription, Synchronic time, and an External mode of dealing with the environment. In Mexico, authority is conferred on those few at the top. A single leader generally makes important decisions. This explains why Particularism (Trompenaars & Hampen-Turner's, 1993) prevails throughout the country. Thus, it should not be surprising that Power Distance ranks as high as 81 in Hofstede's scale. Table 8.3 shows definitions of Fons Trompenaars & Hampen-Turner's 7D of culture and Mexican characteristics.

Table 8.2 Definitions of Hall's notion of context and Mexican characteristics

Cultural dimension	Definition
Low/High Context Mexico: High Context	Low-Context communication is one in which most of the information is in the explicit message. By contrast, High-Context communication is one in which most of the information is already in the individual. Very little information is in the explicit and coded part of the transmitted message. In High-Context cultures such as Mexico, people do not say explicitly things that they feel they can take for granted that the other will understand. High-Context cultures make a more significant distinction between in-group and out-group people than Low-Context cultures do. When communicating about something, High-Context people expect their interlocutors to know what they refer to, and therefore people assume there is no need to be specific

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The Mexican Business Environment

Over the course of the last 30 years, influenced by open market policies, the Mexican people have shifted from a zero-sum mind-set to a win-win negotiation mind-set, concurrent with a change in economic, societal, cultural, and political status quo. Not only has the open market economy affected great changes in Mexican business, but in its social, political, and cultural arenas as well; all this has affected Mexican negotiation tendencies as well. People now walk into a day-to-day negotiation process with a win-win mind-set. Mexico's new negotiation style is the result of striving for business independence and intellectual freedom. The trend to better educate and empower people to negotiate can mitigate corruption in Mexico in the future. In the past, Mexican people were either simply too afraid to ask or were thought unreasonable for what they were asking. Now, the Mexican tendency is to ask when there is a basis for their case. The typical Mexican businessperson now prepares intentionally for negotiation, considering plans and strategies and learning about other cultures, in order to achieve better global deals.

In Mexico, as in many Latin American countries, there are large gaps between poor and wealthy people. Although not impossible, it is very difficult to move from one social class to another. Belonging to a particular group is often highly limiting. Therefore, one can still expect to encounter hierarchies and authoritarian structures in Mexican organizations. However, Metcalf et al. (2006) recommend not to ignore mid-level negotiations in Mexico; persuade mid-level managers to the benefits of a deal, and they may be able to form consensus and/or influence the decisions that are made at the top.

Table 8.3 Definitions of Fons Trompenaars & Hampen-Turner's 7D of culture and Mexican characteristics

Cultural dimension	Definition
Universalism-Particularism Mexico: Particularism	People with a universalistic culture believe that rules, codes, values, and standards take precedence over particular needs and claims of friends and relations. Conversely, people from particularistic cultures such as Mexico, give preference to human friendship and relationships. People are compelled to analyze particular situations separately
Individualism-Communitarianism Mexico: Communitarianism	Individualistic societies put the individual's happiness, fulfillment, and welfare before the community's. In individualistic societies, people take care primarily of themselves and their immediate family. They are expected to decide on their own. By contrast, Communitarian societies such as Mexico place the community before the individual. People in a Communitarian society have the responsibility to act in ways which serve society at large
Specific-Diffuse Mexico: Diffuse	People in Specific societies believe that the whole is the sum of the parts. People's lives are segmented, and others can only enter one segment at a time. They tend to prefer hard facts, standards, and contracts. In Diffuse societies such as Mexico, the whole is more than just the sum of its parts. Relationships between all of the parts are more important than each separate component. The various roles someone might play in another's life are intertwined
Affective-Neutral Mexico: Affective	Affective societies such as Mexico accept people's display of emotions. People in Neutral societies learn that it is inappropriate to show one's feelings overtly
Achievement-Ascription Mexico: Ascription	People in Achievement-oriented societies acquire their status from what they have accomplished. In contrast, people in Ascribed-oriented societies such as Mexico obtain their status from birth, age, gender, or wealth
Sequential-Synchronic Time Mexico: Synchronic	People structuring time sequentially tend to do one thing at a time. For them time is tangible and divisible. They strongly prefer to do and keep their plans as done. They commit seriously to timely schedules. On the other hand, people structuring time synchronically, as most Mexicans do, usually do many things at a time. They conceptualize time as flexible and intangible. Plans are easily changed and time commitments are aspirational rather than absolute. Frequently, this occurs because in Synchronic societies promptness depends on the type of relationship
Internal vs. External Mexico: External	This dimension relates to the way people deal with the environment. Internal people have a mechanistic view of nature. They do not believe in luck or predestination and they are self-directed. External people, such as most Mexicans, have a more organic view of nature. For them, humanity should function in harmony with the environment, and should go along with its forces. External people do not believe that they can entirely guide their own destiny

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Mexican Preferences to Approach Negotiation and Conflicts

Since Mexico is a collectivistic country, one can expect to see preference given to family, organization, or community (Metcalf et al., 2006). Collectivistic cultures, such as Mexico, spend significantly more time in the rapport-creation stage of negotiation than individualistic cultures (Gulbro & Herbig, 1999). Therefore, one needs to dedicate time to the construction of relationships. Relationship building is seen as an extended, ongoing, process. Thus, fraternization over food and festivity is common in Mexico (Metcalf et al., 2006). Since in Mexico there is a clear distinction between in-group and out-group people, the creation of strong and trustable relationships can result in special and more favorable treatment. This is yet another demonstration of Particularism in the country.

In Mexico, when someone is considered a true friend, sharing of information will happen. However, be careful not to misinterpret Mexican friendliness. Typically, Mexicans exhibit a cordial approach during social interactions. However, this may not necessarily translate into concession-making behavior during actual negotiations (Metcalf et al., 2006). Mexico ranks moderate to high on Masculinity, depending on with whom this dimension is compared to. This makes Mexicans assertive, competitive, and oriented to performance. It also results in gender differences in negotiation. In a survey performed in Mexico with over 500 participants, Chamoun and Linzoain (2003) found the following tendencies in comparing male and female executives negotiating deals: Male executives were tougher negotiators, and their decision-making was based on logical grounds. They were easier to convince with data providing evidence of tangible medium and long-term benefits for their organization. They tended to seek win-win situations, focused on contracts more than on relationships, and were more likely to favor negotiating in general terms over hashing out the specifics of a deal. Female executives, on the other hand, showed a tendency to make decisions slowly and cautiously, seeking to understand all angles of the deal before reaching an agreement. Their negotiating style focused more on the specifics of a deal than on its generalities. They were more detail-oriented, and while contracts were of importance to them, the relationship was even more so.

Mexicans are High-Context communicators. They do not say what they can take for granted. Mexicans can convey a considerable amount of information in few words, assuming that their interlocutors understand them. This often is not the case. Therefore, you must pay attention to nonverbal cues, to the social status of negotiators, to the characteristics of the specific setting where negotiation takes place, and do your best to read between the lines, understanding what has not been explicitly said.

Mexican time orientation is Polychronic. In polychronic cultures, time is viewed as flexible, fluid, and relational. As Polychronic people, Mexicans do many things at once, are subject to interruptions, often change plans, and base their degree of promptness on the relationship at hand (Hernández-Pozas & Madero-Gómez, 2016). Mexican negotiation pace can be perceived as slower, by people coming from Monochronic cultures. Monochronic cultures consider time as divisible and subject to optimization, so they typically spend less time in forming and maintaining rapport and stick to their agenda.

Mexicans are affective people. According to Metcalf et al. (2006), the perception of truth is based on feelings, and in Mexico, emotional arguments can sometimes be more effective than logic. Normally, the atmosphere of negotiation with Mexicans is easy going. Mexicans have a win-win attitude, prefer harmony, and avoid direct confrontation.

Most Latin American countries rank high on Uncertainty Avoidance. With a ranking of 82, Mexicans are not prone to risky decisions. This characteristic also causes Mexicans to avoid sharing opinions, in particular, with more powerful or out-group people. Countries with high Uncertainty Avoidance establish policies, procedures, and rules to direct action in a wide variety of situations. Mexicans frequently follow established protocols and etiquette. For example, initial introductions include academic tiles (e.g., engineer, doctor, etc.) or role titles (e.g., CEO). Seats at the table of negotiation are often assigned in advance, with people placed according to their status.

Mexican Negotiating Styles, Strategies, and Techniques

The Mexican Style of Negotiation Using Salacuse's Model

Salacuse (1998) developed a model of ten factors affecting negotiation style in cross-cultural negotiations. We present the results of the investigation carried out in Mexico using Salacuse's model. Chamoun and Linzoain (2003) also applied Salacuse's model to explore Mexico, and the results matched Salacuse's original results (with one exception, discussed below).

Goal: Contract Versus Relationship

Do negotiators commonly aim at signing a one-time contract, or at establishing a long-term relationship? Traditionally, Latin American culture favors building long-term relationships over specific contracts. At present, urban and more economically dynamic areas in Mexico give preference to contracts over relationships due to their exposure to foreign cultures, global corporations, and the implicit risks of investing higher levels of resources. However, there are still many parts of Mexico, and Latin America, where a firm handshake means more than a written contract. Salacuse's work (1998) suggests Mexicans favor contracts (42%) less than Americans (54%).

Attitudes: Win-Win Versus Win-Lose

Win-win negotiators see dealmaking as a collaborative and problem-solving process. On the other hand, win-lose negotiators see it as confrontational (Salacuse, 1998). Salacuse's research showed that more than 80% of Mexicans and 65% of Latin Americans have a win-win attitude when it comes to negotiating. The remainder see negotiation as a zero-sum game.

Personal Style: Formal Versus Informal

A formal negotiator will address other participants by their professional titles and avoid interacting on a close or personal level. The informal negotiator attempts to create a casual and more comfortable environment.

Mexican executives are moderate in terms of the time needed to make a deal (not quick, but not too slow) but less concerned about punctuality than Germans. A total of 55% of Mexican professionals in science and technology showed preference for informal interaction during negotiations, opposed to 43% of female executives. The negotiating culture tends to be more informal among small and medium-sized businesses. A total of 62% of bureaucrats favored formality. A total of 58% of Mexicans participating in this survey tend to conduct informal negotiations, as opposed to 83% of Americans (Salacuse, 1998).

Among Mexican executives, Americans, as well as Germans, are identified as being very professional, but the latter are criticized for being less flexible and less open to change. With regards to negotiation with their fellow Latin Americans, they said they experience a lower level of stress in negotiations due to the similarity in language, religion, and history. Their stories of colonization and independence produced similar historical frameworks. Thus, culture, history, language, values, decision-making processes, and institutions often have an enormous impact on the negotiations.

Communication: Direct Versus Indirect

Direct communication makes use of straightforward and simple phrases to describe a situation. Indirect communication assumes that the other party has a significantly high level of education and/or understanding, which enables the use of insinuations, hints, and veiled remarks to express an opinion or a decision.

Some 89.5% of female executives from Mexico preferred direct communication, as did 80% of bureaucrats and 75% of those in scientific or technological professions. Only 30% of those with administrative functions preferred a direct style. These results were surprising since common knowledge and previous literature assert that Mexicans prefer indirect communication. It is important to note that participants' organizational culture, as well as their international experience, may have influenced their responses to the survey. Context and personal traits might also have influenced results.

Time Sensitivity: High Versus Low

High time sensitivity reflects a strong interest in punctuality and formality. Low sensitivity indicates greater flexibility in schedules and less punctuality in appointments. Time sensitivity was found to vary substantially depending on the geographic region in Mexico. For example, Mexico City, Guadalajara, and Monterrey prove to be far more time sensitive than cities such as Merida and Veracruz. Salacuse's research results (1998) showed that Mexicans participating in the survey had low sensitivity to time (33%).

Emotional Display: High Versus Low

Some negotiators may hide or play down their emotions, while others do not hesitate to demonstrate their emotions when negotiating. Some 86% of Mexican female executives demonstrated a high degree of emotional display; overall, Mexicans participating in the survey had a tendency toward high emotional display (83%) (Salacuse, 1998).

Form of Agreement: General Versus Specific

A specific agreement refers to a detailed listing of all aspects related to the deal. General contracts do not cover all the specifics and are intentionally left open in order to continue the relationship. Among Mexican and Latin American respondents, female executives (70%), lawyers (90%), and bureaucrats (90%) said they prefer to be specific when negotiating. On the other hand, directors of small and medium-sized firms (70%) said they prefer to negotiate in general terms. Salacuse's research results show that Mexicans participating in the survey had a greater tendency for more specific agreements (83%) than Americans (78%) (Salacuse, 1998).

Building an Agreement: Bottom-Up Versus Top-Down

This refers to the process in which the agreement is built: agreeing to specific terms and then building to a general contract (bottom-up), or beginning with concluding general terms and proceeding to the specifics of the deal (top-down). Salacuse's research results show that both Mexicans (67%) and Americans (53%) tended to build agreements from the bottom-up (Salacuse, 1998). These results contradict common practice regarding hierarchies in Mexico. Many Mexican hierarchical structures are top-down, with the leader of the organization dictating what agreements are acceptable or what actions the company should take, without leaving much room for those on the lower rungs of the company's structure to negotiate. Perhaps the explanation lies in Mexican respondents looking forward to a change in current hierarchical structures.

Team Organization: One Leader Versus Group Consensus

In some groups, managers can make negotiation decisions on their own. In other organizations, decisions are made only after consulting team players. According to Salacuse (1998), in any international negotiation, it is vital to understand the way groups are organized and the way organizations function. He said that at one extreme is a negotiation team with a supreme leader who has complete authority to decide; at the other extreme are cultures that stress team and decision-making by consensus.

Chamoun and Linzoain (2003) found that in Mexico, while female executives and lawyers showed a slight preference for decisions by one leader (55%), Mexicans, overall, prefer to reach decisions through consensus. Even though Mexicans are commonly perceived as preferring one leader conducting the negotiation, in practice, they tend to consult their families, friends, and coworkers before any final decision-making process. This is the only result in which Chamoun & Linzoain's findings clashed with Salacuse's original results. Salacuse had found that Mexicans tended to conduct negotiations with one leader (91%), considerably more so than Americans (63%) (Salacuse, 1998).

One explanation for the discrepancy might be that Salacuse's survey was performed on MBA students while Chamoun and Linzoain worked with practicing executives. Further research is required to comprehensively address this point.

Some negotiators are likely to run greater risks when doing business, exposing themselves to higher degrees of uncertainty. By comparison, those inclined to low-risk business styles avoid complications that could arise before closing any deal.

Salacuse reported that Americans showed a tendency to take risks (78%), while Mexicans, on the other hand, were evenly divided between risk-taking and conservative negotiators. Mexican women registered higher percentages of risk takers (67%) than Mexican men (44%) (Salacuse, 1998).

Conflict Management and Negotiation Styles in the Ring

Having observed multiple Mexican negotiations involving power asymmetry, it appears to us that some Mexican business owners need to be provoked in order to negotiate with suppliers. For instance, a Mexican owner once asked one of the authors for his consulting fee rate; the author jokingly replied that he would rather know his needs, because he may not have enough budget to cover his expenses and fees. The Mexican client got mad and replied that he had enough money to pay whatever it took. He got emotional, and his negotiation with the author was inefficient. The author got paid more than his normal rate. When their ego is threatened, some people shift "avoiding" or "delegating" to either a collaborative or competitive style, similar to stepping into a boxing ring. Some act like ringside physicians—lacking power of their own and needing to consult with the referee. On the other hand, the referee must use power to enforce the rules in a situation of conflict. The author used

Table 8.4 Mexican negotiation style in the ring

Mexico	
Style of Negotiation	Occurrence
Fight like a Spartan	Only when there is asymmetry of power
Facilitate like a Phoenician	Only when a mediator is facilitating conflict resolution (with the exception of some very successful business people)
Judge like Solomon	Occasionally, to resolve overt conflicts
Avoid like a Politician	Very typical
Delegate like a Diplomat	Frequently found

Authors' own creation

to amuse his Mexican clients by saying that he needed to make them mad, to get them to start negotiating.

This is the basis for the comparison we now introduce between Mexican negotiation styles and the model developed by Chamoun et al. (2017) as a tool to assess conflict management styles for ringside physicians and referees. Let us review the five styles introduced by Chamoun et al. (2017), and illustrate each ringside style with an actual historical example. Table 8.4 illustrates the Mexican negotiation style "in the ring".

Fight Like a Spartan

The Spartans were ancient Greece's most formidable warriors, with a "win at any cost" attitude, supported by viable, time-proven battle strategies and an unwavering sense of honor. Boxers easily identify with this style, and exhibit it most often, in pre-fight rhetoric and assertion of fight control in the ring. Negotiating in Mexico, one can observe this style very often in situations in which there is asymmetry of power, such as when Mexican business owners negotiate with their employees. Cabrera, Castro, and García (2014) noted that Mexican negotiators are generally tough but still strive to maintain the relationship. Still, when extreme power asymmetry exists, Mexican negotiators "go all the way"; this is how employers negotiate with their employees in Mexico.

Facilitate Like a Phoenician

This is the style characterized by high cooperation and assertiveness. The Phoenicians were an ancient Mediterranean people known for their negotiation skills (Chamoun & Hazlett, 2008). In a prolonged period of regional conquest, the Phoenicians made themselves more valuable as business partners to the political and military powers in play than as a subjugated people. Thus, we associate conflict management styles that involve a high degree of cooperation and concern for effectiveness with these highly skilled negotiators of the past. We find this style rarely used in Mexican negotiations except when a mediator is facilitating both sides of the conflict and enforces norms of fairness and encourages mutual concern (although, anecdotally, we note that we have at times noticed this style used by very successful Mexican businesspeople).

Judge Like Solomon

Compromising means making concessions to the other in order to gain ground on those terms most important to you. Sportsmen do not typically envision compromise as a useful style. However, if we examine its underlying motivating forces, we find this style to balance both cooperation and assertiveness. This style can easily move into any of the other styles with small shifts in motivation. We choose to rename this style Judge Like Solomon to capture the keen sense of fairness exhibited by Solomon, as recorded in Hebrew scripture. We envision this style not as one of compromise but rather as one of judicious and decisive balance. This is a style which we can occasionally find in Mexico. In environments in which rules are very clear and enforced, such as in a chemical or manufacturing plant, this method is sometimes applied.

Avoid Like a Politician

We can easily identify the avoidance tactic with politicians who place reputation and votes over positions and policies. The avoiding strategy is often portrayed in boxing as both an offensive and defensive tool. Against a slower opponent, a boxer may choose to maintain advantage through constant motion. It can also be used to great advantage if there is a marked difference in reach. This is a very typical style found in many interactions in Mexico. When the employer acts as a Spartan, the employee typically avoids, not only because he is afraid of losing his job, but also to avoid losing face.

Delegate Like a Diplomat

The accommodating style is quick to please, surrendering leadership or control; but while this type of behavior is exhibited in sports, it is seldom seen in boxing referees. Thus, we have labeled this conflict management style as

"Delegate like a Diplomat". A diplomat goes to great lengths not to offend and always errs on the side of a relationship. This style is frequently found in the Mexican negotiation environment. Camacho (2014) mentioned in her research that Mexican professional negotiators frequently accommodate their counterpart in order to please them.

These five styles described above, and the metaphors associated with them, might help you quickly recognize the negotiation style your Mexican counterpart is using. To help you recognize the styles, we have shared our experience as to when each style tends to come into play. We remind you, however, to be cautious of the power of stereotypes and their ability to skew your analysis.

Qualities, Strengths, and Weaknesses of Mexican Negotiators

Among the qualities of Mexican negotiators, it should be noted that, overall, they are happy, warm, and friendly people. They often demonstrate appreciation for those they do business with. They value respect and individual dignity. Frequently, Mexican negotiators invite others to social events and try to integrate their counterparts within their groups. Mexicans are easygoing and patient people. They make others feel welcome and comfortable. When counterparts do not speak their language, they are patient and facilitate conversations or adapt themselves. Mexicans prefer win-win negotiations, long-term relationships, and collaboration.

One of the strengths of Mexican negotiators is their personal networks. These connections can open many doors. Mexicans are group-oriented people; they are loyal to those that belong to their group and protect them. Most businesses in Mexico are family owned, and families play a dominant role in society. Mexicans communicate indirectly and with High-Context communication. The language they use might have meaning that outsiders won't easily understand. In addition, gestures and nonverbal communication can be difficult to understand by outsiders. Mexican negotiators are experienced at the dance of bargaining and haggling.

The tendency to avoid confrontation and risk can be a weakness for Mexican negotiators. Mexicans prefer to do business with people they know and trust; the slower pace this requires can also sometimes be a source of weakness. Finally, sometimes a Mexican's affluency in personal pride and machismo can get in their way, interfering in negotiation.

For more information about Mexico, see Table 8.5.

Table 8.5 More information about Mexico

Information	Webpage link
The 500 most important companies in Mexico	https://expansion.mx/ranking/las-500-2017
The Economist, Mexico	https://www.economist.com/topics/mexico
The World Bank governance indicators	http://info.worldbank.org/governance/wgi/#home
Observatory of Economic Complexity, Mexico	https://atlas.media.mit.edu/en/profile/country/mex/
BMI Research Mexico	https://www.bmiresearch.com/mexico
Federation Official Diary, Mexico	http://www.dof.gob.mx/
Global Consumption Database, Mexico	http://datatopics.worldbank.org/consumption/country/Mexico
World Atlas Mexico	https://www.worldatlas.com/webimage/countrys/namerica/mx.htm
Statistics of Mexico	http://www.inegi.org.mx/
Bank of Mexico	www.banxico.org.mx
Mexican Stock Exchange	www.bmv.com.mx
National Plan of Mexico	http://pnd.gob.mx/
Conaculta	https://www.gob.mx/cultura
Visit Mexico	https://www.visitmexico.com/es
Mexico es cultura	http://www.mexicoescultura.com/
Gigantes de Mexico	https://mx.tuhistory.com/etiquetas/gigantes-de-mexico
Central Intelligence Agency, Mexico	https://www.cia.gov/library/publications/the-world-factbook/geos/mx.html
BBC News country profile, Mexico	http://www.bbc.com/news/world-latin-america-18095241
ProMexico	http://www.promexico.mx/
Open data Mexican government	https://datos.gob.mx/
Instituto Mexicano de los Mexicano en el Exterior (IME)	https://www.gob.mx/ime

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Final Thoughts

When negotiating with people from Mexico, one should remember that this is a multicultural country, where differences in economic development, social class, education, gender, and ethnicity do matter. Therefore, generalization does not apply to the whole country. While identifying negotiation styles has distinct advantages with regard to tactics, there are risks inherent in any act of stereotyping. Therefore, this chapter highlights tendencies rather than stereotypes and recognizes variations within the Mexican style of negotiation depending on negotiator's economic and social class, age, education, and exposure to other cultures. Many have noticed and described the existence of more than one Mexico. For example, Octavio Paz (1991) distinguished the developed and underdeveloped Mexico and their coexistence on a daily basis. One Mexico is characterized by competitive industries with cutting-edge manufacturing plants and a growing middle class; the other Mexico is characterized by poverty and underdevelopment.

When negotiating with Mexicans, one should consider Mexico's extreme inequality between rich and poor, as well as gender gaps. In this country, those earning the 10% of the highest wages earn 25 times more than those earning the lowest 10%. The wealthy have traveled the world and have been educated abroad. Anglo and European cultures influence their cultural traits. With regard to gender gaps, only 38% of those employed are women. As an example of the two Mexicos, negotiating with an executive of a large Mexican company, based in Mexico City with subsidiaries abroad, can be very different than negotiating with the owner of a small business in southern Mexico.

A common tendency for foreigners is to assume that negotiating in Mexico will be the same as in their own countries. Of course, many misunderstandings arise because of cultural differences. Since Mexican and Latin American businesses are heavily dependent on a "relationship first" basis, try to avoid the common beginner's mistake of showing fake empathy. Insincerely acting friendly to a Mexican client is worse than being direct and sincere, so be yourself. While prospecting a new client, it is best to be indirect and less confrontational while asking more open questions. Keep in mind that the old stereotype of doing business in Mexico with Mexican business people who arrive late and are indifferent to the delay is gradually fading away. Still, the negotiation pace may vary from what you are used to, depending on the context.

Remember that in Mexico hierarchies and inequality do exist and matter in negotiation. Identify influential people or influencers and negotiate with them. Follow protocol and etiquette, as this can make a good first impression in the negotiation process. Mexicans do not like risk and avoid confrontation. They can be emotional and communicate in a High-Context manner, so pay attention to nonverbal behavior and do your best to read between the lines. In our observations, when there is a symmetry of power or possibility of losing face, a Mexican counterpart will avoid like a politician. In the case of asymmetry of power, the powerful side will fight like a Spartan. Very few facilitate like a Phoenician, but many try to judge like Solomon, if there are clear rules of the game. Some delegate like a diplomat to avoid confronting the situation. This helps you remember to avoid creating stereotypes of a typical style and prepare as if your counterpart could use any of the five styles.

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9

Negotiating with Managers from France

Jessica Jean

Introduction

What are our preconceived ideas about the French culture, and how should we negotiate with them to achieve the best results? Why do the French appear to be so arrogant to outsiders? Do they really have that much-strived-for work-life balance which includes leisurely lunches and enough time for family? Is Paris the epicentre of business as well as romance? Why are the French so confrontational? How does working with a French counterpart really affect your negotiation?

If you've ever asked yourself any of these questions, then you've come to the right place. This chapter outlines the main challenges to overcome when negotiating with a French counterpart. We discuss the geography of "la belle France" and the impact that history has had on the French people. We also consider France's political system, the place of religion in society, and of course, the impact of the recent Brexit vote on France and her allies within the European Union (EU).

We analyse French culture through Hofstede and Hall's cultural studies and use anecdotes to illustrate situations, which may arise when negotiating with the French. We focus on the importance of allowing time for discussion and debate, the significance given to respecting formalities, and explain why direct confrontation seems to make French people tick. Once we have covered the

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background information and uncovered France's main cultural aspects, we then address how we can adapt our own negotiation styles to those of our French counterparts in order to get the best possible outcome in a negotiation.

Towards the end of this chapter, we summarise the strengths and weaknesses of French negotiators; this can help each of us to adapt as best as possible in our future negotiations with the French. This chapter builds on the negotiation theories you have read about in the first part of this book and will help you to fine-tune your negotiation behaviours for interacting with the complex—and often hard to understand—French negotiator.

Country Background Analysis (Geography, Historical Perspectives, and National Indicators)

Definition of France and the French Overseas Territories

Mainland France: When we think of France, we usually think of the large hexagonal-shaped country on the Northwestern coast of Europe. This is, indeed, the largest French territory and is known to the French as "France métropolitaine", "la Métropole" (metropolitan France), or "l'Hexagone" (the hexagon). Famed for its gastronomy and wines, arts, beaches, ski resorts, and 37 UNESCO world heritage sites, it is the most visited country in the world with travel and tourism making up just under 10% of the GDP (Sen Nag, 2018).

French Overseas Territories: The French refer to the French Overseas Territories as the "DOM-TOM" ("Départements et Territoires d'Outre-Mer" [literally translated as Overseas Departments and Territories]) (French Etc., 2008). The favourite holiday destinations for French citizens remain Guadeloupe and Martinique in the West Indies and Reunion Island in the Indian Ocean. However, the "DOM-TOM" also includes territories in the Pacific Ocean (Tahiti), South America (Guyana), and even Antarctica (Adelie Land)—to name but a few.

Definition of French Nationality: French nationality is given to people living in mainland France and to all the people living in French Overseas Territories. Like French nationals from mainland France, French nationals living in French Overseas Territories carry a French passport and vote in French presidential elections. It is worth noting that there are some special dispensations for certain French Overseas Territories. Some of them are inherently part of the EU (e.g. Guadeloupe and Reunion Island), whereas others have their EU rights managed under the Association of the Overseas Countries and Territories of the European Union (OCTA). OCTA allows overseas French nationals the possibility to opt into certain EU provisions but does not subject them to all EU formalities.

History

Religion: France has historically been a religious country; the demographic survey of 2014 (Sawe, 2018) confirms this endures, with approximately 65% of French people identifying themselves as Christian. Within the Christian faith, the vast majority (80%) are Catholics. The second-most widespread religion in France is Islam (Sawe, 2018), with approximately 8% of French nationals identifying themselves as Muslims. Islam has an important place in France which can be linked to those French citizens who are of North African origin; many have family links dating back to the period of French colonisation of North African countries such as Algeria, Morocco, and Tunisia. Secularism (or "laïcité", as it is referred to in French) has been part of the French culture for over 110 years since France passed a law separating state from the church in 1905. However, recent years have seen frictions around this separation flare up, notably following the passing of the 2004 law banning the wearing of religious symbols in public places including schools. While this law encompasses all religious symbols, including Christian crosses and Jewish skullcaps, the largest population to feel the weight of this measure has been the Muslim population—particularly, regarding the right of girls and women to wear headscarves. Although this law was passed nearly 15 years ago, its enforcement continues to spur public debate and, occasionally, conflict (Chesnel, 2016; Vaïsse, 2004; Weaver, 2017). Recent surveys (Sawe, 2018) show a rise in the number of French people who do not identify with any religion or who classify themselves as atheists. This number has grown to almost 25% in recent years.

Political System: The president of France is the head of state. The president is elected by universal suffrage for a five-year term (the French call this "le quinquennat" which means "five-year period" but is only used to describe the time that a president is in office). Since 2008, the number of terms that can be held by the president is limited to two (Samuel, 2017).

Once the president is elected, she or he establishes a "Conseil des Ministres" (a Council of Ministers or Cabinet). The number of ministers within the Cabinet is approximately 15, one of whom is appointed prime minister by the president.

The French Parliament is located in Paris and is split into two sections:

- ***L'Assemblée Nationale* (National Assembly):** It comprises approximately 580 elected Members of Parliament (called "députés") who represent their local constituencies all across France and the French Overseas Territories. There is a general election every five years, just after the presidential election, where all the "députés" are voted into their seats by the French public.
- ***Le Sénat* (Senate):** It is made up of approximately 350 senators, voted into office by the "grands électeurs" (important electors) such as mayors or other elected local representatives. Senators are voted into office for a period of six years.

For any law to be passed it is first proposed and voted on by the *Assemblée Nationale* and must then also be voted on by the *Sénat*. Unusually for this type of modern democracy, the French constitution also has a specific article (Article 49.3) by which the government can override decisions made by Parliament and pass a law without the usual parliamentary vote.

A devolution process in France has had little effect so far in passing power to regions outside Paris.

- **Local Government:** Every city, town, village, and hamlet in France elects a Mayor as their local representative. The mayors and their municipal councils are grouped into departments (of which there are 96 in France, including the French Overseas Territories), each of which is led by a "Conseil Général" (General Council) and its president. The departments are then themselves grouped into regions. There are 13 regions, each headed by a "Conseil Régional" (Regional Council) and its president. This very hierarchical organisation of the French government provides context for some of the cultural issues that we discuss below.

National Indicators

Table 9.1 shows some basic national indicators for France.

Table 9.1 National indicators

Population	Current population 64.1 million	Forecast population annual growth 0.4%
GDP	Per capita 41,490 USD	Forecast GDP annual growth 1.5%

Sources: OECD and The World Bank

National Cultural Analysis (Hofstede and Hall)

Geert Hofstede's "Hofstede Insights"

Let's begin by looking at the 6D model of national culture from Hofstede's insights. This analysis was created by Geert Hofstede, a Dutch social psychologist who has become a global reference in cultural comparisons. The Hofstede Centre offers a country comparison tool which allows us to understand culture by measuring six different criteria as detailed below (Author's creation using the Hofstede Centre's Data) (Fig. 9.1).

Power Distance: France shows a relatively high score on the Power Distance dimension. This means that it is generally accepted that there is an unequal distribution of power within the country. This is valid from the point of view of governance but can also be witnessed in company culture as companies are typically hierarchical. Interaction between top-level managers and the lower levels of employees is limited. Many companies still favour individual offices rather than the more Anglo-Saxon approach of open space working environments. Power and status are important in France within the work context.

Individualism: As with Power Distance, the score for Individualism in France is also high. The French are instinctively private people. The fact that the scores on both Power Distance and Individualism are high is relatively unusual. It would appear more natural that cultures, where there is an acceptance with regard to inequality in power, are also cultures where there is heightened sense of collectivism rather than individualism. France has always appeared a complex culture to outsiders, and this is one of those complexities. Even though the French accept Power Distance inequalities between levels of

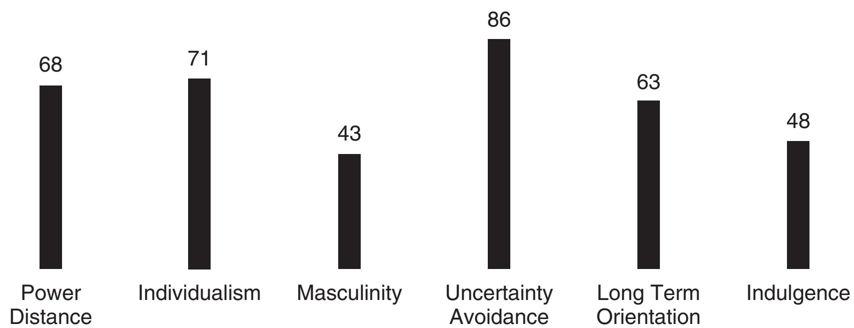

Fig. 9.1 Hofstede's insights: France

hierarchy, for example, they do not do so in a collectivist way; they are still individualistic, with their most significant focus being the family.

Masculinity: The French culture has a low score on the masculinity scale. This means the culture pays high regard to social aspects within society. France currently implements a 35-hour work week for non-managerial-level employees (middle management and above, called "cadres" in France, do not have these same working hour restrictions). According to a 2014 study by the World Economic Forum, France has the third highest level of personal income taxation in the world (Chainey, 2017). The welfare system is the biggest beneficiary of this high taxation policy. France is recognised as a leader in education, healthcare, childcare, and care for the elderly to name but a few aspects of the "solidarité" principle behind the social system.

Uncertainty Avoidance: Uncertainty Avoidance is the highest scoring dimension for France, across Hofstede's dimensions. The French do not like uncertain, vague, or ambiguous situations. For example, despite there having been a slight increase in this area over the past two years, France still has a surprisingly low level of entrepreneurs (OECD, 2017; Vanham, 2016; World Economic Forum, 2016). In fact, according to Approved Index via Inc. (Economy, 2015), France was actually ranked the fifth worst entrepreneurial country in the world in 2015. This is in accordance with the high score on the Uncertainty Avoidance dimension; most French people are very risk averse.

> A few years ago, I decided to leave a secure job in a French consultancy firm to set up my own company. I had a few contacts already established for my first projects, so I handed in my notice and started to work at building up my client base. When I told my British family and friends about my new venture they were all extremely enthusiastic about my ideas and told me in no uncertain terms that it would be great, it was the best decision I'd ever made, that I'd never look back… When I announced my decision to my French friends and family, their first reaction was a stunned silence. The second reaction was a dramatic chin drop in open-mouthed horror, and the third was a plaintive "mais pourquoi?" ('but *why*?'). To give up a salaried position in France is, at best, unfathomable to most people and, at worst, completely stupid!

One of the ways in which the French cope with their aversion to risk has been to build rules and regulations across numerous institutions in order to avoid ambiguity as much as possible. An aspect of French life which non-French people can find extremely frustrating is the level of bureaucracy to be found in both business and private life. Red tape—one of the aspects of business rated by the Forbes' Best Countries for Business List (Forbes, 2018)—has been scored at 24 for France, a relatively high score when compared to similar economies. This bureaucracy can be very frustrating, even for many French people!

Long-term Orientation: France scores quite highly on the Long-Term Orientation dimension. This reflects the French pragmatic way of working and living. Traditions are important, particularly those to do with the family, but the French are also capable of moving with the times and can adapt to different situations with ease. One of the points which is highlighted by this score is France's philosophy on the subject of education. It is accepted in France that children and students must do many hours of work within the classroom in order to achieve their goals in the future.

Indulgence: This score may be surprising to some outsiders who regard France as being a country where the work-life balance has been achieved. Although this score is a middle score we may have expected a higher level of indulgence for the French. The picture many non-French people have in their minds of French workers enjoying leisurely lunches with a glass of wine and ambling around the chic Parisian quarters in their even chicer Parisian fashions may not be that realistic! Many French people do not feel that this much longed-for work-life balance is achievable in today's society. This is also reflected in some of the life satisfaction scores for France. The French were ranked as 23rd out of 38 countries measured in the OECD's Life Satisfaction index (2017) with their score of 6.4 out of 10 coming in as marginally lower than the average scores for the other countries measured in the index.

Edward Hall's High-Context and Low-Context Cultures

Next, let's see how French culture is considered according to the high-context and low-context differentiation (Hall, 1976). France is a relatively high-context culture. This means that most of the communication will be presented in a sophisticated way. Higher context cultures will often communicate through nuances and in less simplistic terms.

High-Context Culture Comparison with Other Cultures: The French culture is not one of the highest context cultures in the world; that privilege belongs to the Southeast Asian cultures. However, France is the highest scoring high-context culture from the European countries, just in front of Spain and Italy and at a significant distance from the UK, Germany, and the Nordic countries (Meyer, 2015).

Therefore, if you are negotiating with a French counterpart and you are from a higher context culture, such as China or Japan, you will find the French way of communicating to be more direct compared to your own. On the other hand, if you are negotiating with a French counterpart and your own culture is more Anglo-Saxon, for example, you may find the French communication model to be somewhat convoluted and possibly even philosophical. The French tend to communicate in a more intellectual way. Indeed, it is common to see authors, artists, and politicians all discussing current affairs on French television programmes. The French tune into these programmes as their evening entertainment. A high-brow intellectual discussion is considered light entertainment in France!

High-Context Culture and Written Communication: Another trait for high-context cultures is that they presume all parties who are participating in any oral communication will come out of the discussion with a clear understanding of what has been said and agreed. France has a strong debating culture; debates are viewed as a thing of beauty, and the spoken word is valued as much as, if not more than, the written word.

I met a young French man at one of my training courses recently. He complained that his German boss treated him like an idiot. I asked him what led him to draw this conclusion. He told me: "We speak on the phone every week. I tell him what progress I have made and he gives me guidance as to where to go next, which directions I should follow, and which priorities I need to manage first. I have a lot of respect for my boss. He's a great guy, and he clearly knows the business well, but I get really annoyed when he sends me an email after these phone calls to summarise what we've just said. There were only two of us on the call, and it's pretty obvious what we've agreed or have not agreed. It's such a waste of time to send an email as well. I mean, he obviously doesn't think I've understood, or worse still, maybe he simply doesn't trust me?"

Later on, during the course, we began to talk about high- and low-context cultures and the impact that these differences can have on working relationships. As we discussed the French high-context culture compared to the German low-context culture, the French participant had a light bulb moment. "I understand now", he said, "it's not that my boss thinks I don't understand or that he doesn't trust me. It's just that his low context culture puts more weight on the written word than my high context one".

If you are from a lower context culture than France be careful about following up in writing after your negotiations. It's commonly accepted as a best practice in cross-cultural negotiations to confirm in writing so as to avoid any misunderstandings. However, you may need to clearly explain why this is necessary to your French counterpart. Be clear that this is not because you do not trust them or think they may not have understood!

General Business Environment

General Business Indicators

Coface Analysis: Coface is a global reference in credit insurance policies for international businesses. The company provides information on the level of risk in over 200 countries worldwide. The risks measured are broken down into two sections: the first section looks at the macro-risk such as politics, economic results, and so on within the country. This is known as the "Country Risk Assessment". The second area of risk measurement is that of "Business Climate" which is a more micro-level view as to the risks of doing business in that country. The Coface measure (Coface Economic Studies & Country Risks, 2018) uses an eight-level ranking system where A1 is excellent and A2, A3, A4, B, C, D, and E present the highest level of risk.

Coface Country Risk Assessment for France: A2
Coface Business Climate for France: A1

Strengths depicted by Coface include the excellent infrastructure available in the country and the high level of public services. France is also a leader in a variety of sectors such as aerospace, energy, luxury goods and agriculture.

Weaknesses include the rate of unemployment, a low number of exporting companies, a lack of innovation, and a high level of public debt.

Index of Economic Freedom (The Heritage Foundation, USA): The Index of Economic Freedom ranks countries according to the level of liberty and freedom in markets using a 12-dimension index from property rights to financial freedom. In the 2018 Index of Economic Freedom report (Country Rankings 2018 Index of Economic Freedom, 2018), France is ranked as number 71 out of the 186 countries measured. The index shows a decline in trade and business freedom and references a lot of major companies in France still being partly owned by the state.

Unemployment: Unemployment figures have risen to double digits and have only just been reported as having dropped to just under 10% in 2017. This is the lowest they have been since 2012 (Khan, 2017). It has become infamously difficult to fire anybody in France due to employee protectionism and the huge clout that still lies with trade unions. Due to the near impossibility of making anybody redundant, French companies have been reticent in hiring people at all. France is ranked as 133rd out of 137 countries on "hiring and firing practices" according to the World Economic Forum (Global Competitiveness index 2017–2018: Competitiveness Rankings: Hiring & Firing Practices, 2018).

The worst to be hit by unemployment in France are the young. Some studies show that nearly one in four young people (21.5%) are unemployed (Country Economy: France Unemployment Rate, 2018). This is the sixth highest in the Eurozone. The figures regarding temporary workers are very telling: in 2016, 16% of French workers (of all ages) were working under temporary contracts (OECD Temporary Employment Indicator, 2016). This figure is above the EU average of 14% (European Commission: Temporary Employment in the EU, 2016). This figure rises to over 50% for young workers (15–24 years of age) (Romei, 2017). The instability of temporary work contracts is a primary cause of concern in France, especially for the younger generation.

A Centralised Economy: France is ranked as the fifth largest economy in the world. Paris remains the focal point for approximately 30% of the country's GDP. The Ile de France region (the city of Paris and the surrounding area) is home to 19% of the population although only 2 million people live in Paris *intra muros*. Unemployment falls to 8.6% in the Paris region (CCI Paris Ile de France: Key Figures 2018, 2018). The French economy has been built around Paris. From Napoleonic times, the roads in Paris lead to the star-shaped access around the Arc de Triomphe; in more modern times, the country's motorways have all been built to lead from or to Paris. The French talk about Ile de France or Paris compared to "la province". "La province" is a singular term which refers to anywhere in France which is not Paris. No matter if you live in Toulouse or Strasbourg, Nantes or Cannes, you live in "la province", meaning "not Paris". This gives us some idea as to the importance of Paris in the French economy as well as in French cultural perceptions.

France and the EU

France enjoys a leading role in the EU. They are the second biggest EU economy behind Germany, and the Franco-German alliance is a well-established European tour de force. France exports the majority of its goods and services to the EU member states, with Germany being its primary trading partner (Focus Economics, 2017; Workman, 2017). The Eurobarometer survey (Holodny & Kiersz, 2016) is used to measure public opinion from each of the EU member states about different aspects of being part of the EU. In Spring 2015, participants of the survey were asked their views on their European identity: did people consider themselves to be purely of their own country's nationality, or did they also consider themselves as Europeans? In France, only 36% of survey participants replied that they thought of themselves as French and only French. A resounding 64% answered that they feel French *and* European.

There has always been significant buy-in to Europe from the French people. We have seen a rise in populism manifesting itself in the growth of votes for France's far-right party in recent years. However, this has more to do with dissatisfaction over unemployment, security, and immigration, rather than posing a rebuff to the EU itself.

National Preferences (Mind-Set) to Approaching and Resolving Differences, Disputes, and Conflicts in Business, Politics, or Personal Life

Confrontational Conflicts Are the Norm

"If all were as confrontational as the French, Europe would be in a mess". A German diplomat uttered this famous phrase during EU negotiations (Cogan, 2003). The French are famously outspoken, argumentative, and opinionated. Despite their hierarchical society, they are a nation where strikes and demonstrations are commonplace. This is just one form of how the French express their disaccord. This is also apparent in the way they negotiate. On the Disagreeing scale presented in *The Culture Map* (Meyer, 2015), we find the French are at the extreme end of the confrontational cultures. Only Israel is ranked as being (slightly) more confrontational than France.

French people accept confrontation and conflict. In fact, they enjoy and relish it! It is understood in France that although you disagree with somebody, be it in your professional or personal life, this does not mean that you do not like or respect that person. People do not take offence if friends, family, or work colleagues disagree with them. Confrontation is seen as a positive way to make sure that all sides of a story are heard and that the best solution can, therefore, be found. Meyer also ranks the French high on the emotionally expressive axis of communication. This coupling of a confrontational and emotionally expressive culture can result in fireworks in many situations! If a non-French person from a less confrontational culture who does not openly express emotions finds themselves negotiating with a French counterpart, this could lead to a decidedly uncomfortable situation for both parties. Remember, if you are not French and you are negotiating with a French counterpart, the fact that they are confrontational and emotionally expressive is in no way a reflection of you as a person. The French respect their negotiation counterparts, but they will not run from a conflict; rather, they will jump in and grab it with both hands. It is commonly understood by the French that conflict serves as a stimulus for debate and helps to advance and achieve great results.

Discussion and Debate

The French education system is another complex part of France's culture. Children start school very early (beginning around the age of three, although there is no obligation to be in school until children are six). As soon as children are in kindergarten they are taught to sit still, to be quiet, and to listen carefully to their teachers. There is not as much free play as in Anglo-Saxon cultures. Children are marked (severely) on how well they can draw patterns or stick figures and this continues through their learning of letters and early mathematics. All French children learn to write in a particular style; knowing how to read and write a cursive script is mandatory in France, and much time is dedicated to perfecting the curve of letters and their placement on the line. All French children will leave primary school with more or less the same handwriting as their classmates.

However, alongside this shaping of all children to fit into one mould, there is also a strong focus on developing children's minds to be able to think, analyse, and give constructive criticism from a young age. Throughout their education, French children and students are taught how to view both sides of any situation. They are taught how to introduce an idea and how to argue for first one point of view and then the other before concluding with a synthesis of what they have expressed. Dissertations follow this strict code, as do logical problem-solving questions in mathematics.

Some years ago, I began teaching negotiation to managers from different cultures. The courses were run in English but the participants were from many different countries. I very much enjoyed the courses; I particularly enjoyed the discussions taking place between the participants. However, I began to notice that the French participants had a tendency to take over the classroom conversations, and that some of the other cultures represented were not speaking up as much. I also noticed that the French participants would object to some of the theories I proposed during the training session. They would clearly state, in front of the whole class, that they did not agree with what I was saying and they would back this up by giving examples which proved the contrary. At first, I struggled with these interjections. I was conscious that the other non-French participants may be uncomfortable with this approach. I was uncomfortable with it myself!

But then I noticed a pattern. After the training course had ended, it was always the French participants who came up to me to thank me for such a great course. They told me they had learned a great deal and were very happy with how it had been run. At first, I was surprised to hear this feedback as they had been so argumentative and opinionated during the course. Upon discussing this with them, though, they explained to me that this was just their way of taking in the ideas we had studied. They had to look at everything from all angles to be sure they had a complete understanding of the topic.

This love of discussion and debate can lead to setting aside any strict adherence to formal agendas; timing may not be respected, as it is more important to the French to fully understand all sides of any problem before they can move on to identifying possible solutions. The length of time given to debating issues can be a source of frustration to outsiders.

Formality, Appearance, and Business Greeting

Although the French enjoy the heated debate of a negotiation, it has to be done in a certain (French!) way. Formality is a big factor, particularly in business negotiations, and plays a significant role in any negotiation in France.

First of all, the French will usually address new acquaintances by their title and surname. First-name terms come later, sometimes, not at all. The French language differentiates between formal and informal styles of address. "Vous" is the formal version of "you" which is used for business acquaintances, people who are older or more senior than you, and people you do not know. On the other hand, "tu" is used within families (but not for addressing your parents-in-law where "vous" is still required), with close friends and sometimes with close colleagues. In some companies, there is a more lax approach and employees can use "tu" with their boss. However, this is still relatively uncommon. If you speak French, always use the "vous" form until your counterpart tells you that you can say "tu", but do not be surprised if that day never comes! Many French people like the formality that the "vous" address creates and they use this to shield themselves against overt friendliness during the negotiation. For French people, the shift from "vous" to "tu" indicates a significant dismantling of barriers in a relationship. It is still rare to use the "tu" form in most business negotiations.

The other formal address used by the French are the general terms of "Monsieur" (Sir), "Madame" (Madam), or "Mademoiselle" (Miss). It should be noted that the term "Mademoiselle" is being weaned out of official documents in an attempt to update antiquated differences; there is no married/unmarried differentiation for men ("Monsieur" is used in both cases). Although the term "Mademoiselle" has been phased out of administrative forms since 2012, it is still widely used to address young girls and women in everyday life (Le Monde, 2012; Darrieussecq, 2012). It would not be appropriate to address a female negotiating counterpart as "Mademoiselle" even if they appear to be very young and may not be married. It is now considered much more appropriate to address all women as "Madame" in a business context.

It should also be noted that "Madame" and "Monsieur" are not as formal in France as the use of Madam or Sir in the UK, for example.

Another aspect of the formal tone of French negotiations is the appearance of your negotiating partner. A business negotiation will be considered an important event in your counterpart's diary. They will, therefore, dress accordingly. Both men and women will usually wear suits. Men will usually wear a tie although it is becoming more acceptable to have an open collar without a tie. Your French counterpart will expect you to show that you have made an effort with your appearance and have dressed for the occasion.

Last but not least in this section we address the formal business greetings and customs which should be observed when you meet a French person for a face-to-face negotiation. As a general rule, most French people will prefer face-to-face meetings. Phone calls would be the second choice and last of all would be emails. The French people are a tactile nation and feel more comfortable when they are able to see and even touch somebody in a face-to-face situation. As a general rule, French people become more tactile the further south you travel through the country. Business greetings are usually straightforward for two men meeting in person; a firm handshake and eye contact are the standard business procedures. When a woman is involved in the negotiation, the business greeting will usually also be a firm handshake. However in some cases when a female counterpart is involved and the parties have become more acquainted, over a series of negotiations, for example, your French negotiation partner may change the handshake greeting to a kiss on both cheeks. To complicate matters even further, it depends on the region in France where the negotiation takes place as to how many kisses are required; it can be anything between the standard two kisses of the Paris region, three kisses around the Montpellier area in the South, or even four kisses in many areas of Northern France (Swanson, 2015).

National Negotiating Styles, Strategies, and Techniques Based on a Literature Review and Personal Experience

Negotiation Styles

The Thomas-Kilmann Conflict Mode Instrument (TKI) is one of the leading models for depicting different negotiation styles (Kilmann, s.d.). However, this tool focuses on personal preferences or orientations rather than on cultural traits. Hammer's Intercultural Conflict Style Inventory model (Hammer, 2005) has taken TKI as a starting point and has endeavoured to place a cultural aspect

Table 9.2 Intercultural conflict styles

Communication style	Emotional restraint	Emotional expressiveness
Direct Communication	Discussion Style	Engagement Style
Indirect Communication	Accommodation Style	Dynamic Style

Adapted from Hammer's Model of Intercultural Conflict Styles (2005)

onto the negotiation styles model. Rather than talking about assertiveness and cooperation levels as measured in TKI, Hammer prefers to measure the direct or indirect way of communication along with the level of emotional expressiveness or emotional restraint (Table 9.2).

As discussed above, the French do not shy away from conflict; in fact, they positively embrace it! This direct way of handling conflict can be difficult to manage for some cultures who are less at ease with dealing with conflict in such an open, head-on way. We can, therefore, place France on the more direct end of the vertical axis in Table 9.2 above. Considering the horizontal axis of the level of emotional expressiveness, this can vary during the negotiation. When the negotiation is running in their favour, the French will be less emotionally expressive and therefore more in the "Discussion" quadrant above. However, the tougher the negotiation becomes, the more emotionally expressive our French counterparts will become. This means that we can also see the "Engagement" style from the French, meaning that they will fight until the bitter end in a more emotional way. It is important in France to show passion for something that you believe in and their tendency towards emotional expressiveness helps French people to do so.

Negotiation Techniques

Negotiation techniques usually correlate to negotiation styles. As discussed above, we have seen that the French style of negotiation usually varies between "Discussion" and "Engagement". Now let's consider some of the techniques that French negotiators will use to manage their negotiations.

A Beautifully Packaged Deal Combining Language and Logic: Outward appearance is very important to the French. They call their country "la belle France" (beautiful France) and another thing of beauty that the French are very proud of is their language. According to the World Economic Forum, a study at the end of 2016 ranked French as the third most powerful language in the world behind English and Mandarin (2016). In former times French was the primary language of diplomacy and although English has become a global standard for business and inter-governmental negotiations, for example, French remains an official language in many worldwide institutions such as the EU, the United Nations, and the World Trade Organisation (Pimental, 2017). French people are very appreciative of anybody who attempts to speak their language. Do not be surprised if they correct your mistakes, it is meant to encourage you to perfect the language and not as an insult as to how badly you speak it!

Most French negotiators will spend a significant amount of time discussing the subject and in so doing they will showcase their command of the language. If you are negotiating in another language other than French, this lengthy way of negotiating may still be used by the French depending on how strong their command of the other language is.

The second aspect of French negotiation techniques is logic. At first glance, this may not seem to be in conjunction with the love of the language and its place in the discussion and debate. Literary and logical mind-sets can be seen to be in opposition. However, although the French are keen to use the beauty of the French language to its full potential, they will do so in discussing the logic of negotiation points as well.

French people like to draw their own conclusions during the negotiation. If they are presented with a set of figures by their negotiation counterpart it is usual for them to dissect these figures and look at different ways of presenting them, for example, through offering a different view of the statistics. They have a logical way of doing business which is sometimes missed by outsiders who tend to think that the French are more emotive and passionate. Being emotionally expressive and passionate does not mean that the French miss the significance of reason and logic during the negotiation. The French are just as meticulous with the use of logic and figures as they are with their use of language. A scathing French idiom "c'est que du vent" (which can be loosely translated as "it's just a lot of hot air") sums up their attitude to a negotiation counterpart who hasn't done their background analysis properly.

Logic First, Relationships Second: As just discussed above, facts and figures are a priority for French negotiators. This is actually more important to the French negotiator than the relationship between negotiating parties. It is only once the reason and logical aspects of the negotiation have been addressed that the French negotiator may choose to open up more in terms of relationship development.

One example of this is the way the French approach small talk. As we discussed earlier the French are a private culture. They do not usually encourage an overlap between their professional and personal relationships. The formality described above can appear to someone coming from a more open culture like an icy exterior that is hard to penetrate. Small talk is not appreciated at the start of a meeting in France yet is more common after the business aspects have been agreed upon. This is completely the opposite to how most Anglo-Saxon cultures operate.

If you do want to try talking to French people about something other than your agenda points, a good starting point in France is holidays. French people enjoy a statutory minimum of five weeks paid leave per year. Some companies offer even more. Most French people take a vacation over the Christmas period and another during the ski season. Long weekends away are particularly popular in May, when there are many bank holidays. And, finally, most of France still shuts down in August to one extent or another, as many people take three or four weeks off during the summer period. Whatever period of the year you are meeting someone in France, there is usually some sort of holiday to talk about!

Another topic you can use to engage your French counterpart is gastronomy. Most French people are very proud of their world-famous chefs and signature dishes. Each region has its own specialities so this can be a useful topic of conversation when you are visiting different areas. However, this relationship-building part of your negotiation needs to be done with care. The French are often referred to as the coconuts in the "peach versus coconut" cultural comparison (Meyer, 2015; Burkeman, 2014).

This comparison of some cultures being like peaches (which are soft and juicy to bite into, but then you end up biting on a hard stone in the middle) or like coconuts (which have a hard and prickly outer shell, but once you break through you encounter the sweet, milky liquid in the middle) was first introduced by German-American psychologist Kurt Lewin. Lewin considered the specific versus diffuse differences in private and personal "space" and this was further researched by other works in the domain, namely *Riding the Waves of Culture* (Trompenaars & Hampden-Turner, 1993) and *The Culture Map* (Meyer, 2015). The French are typically of the coconut culture; it takes time to form relationships in France but once they are made they are usually for life (Lebowitz, 2017).

I moved from Paris to Toulouse when my eldest child was a baby. I joined an English-speaking mother and baby group and within a couple of weeks, I was invited to coffee mornings at my new friends' houses. We spent many happy hours putting the world to rights whilst the children played. It was a wonderful time in my life to be able to meet new friends who were in a similar circumstance to me and all in my mother tongue too!

Once my children were older, I went back to full-time employment. I worked in a small French consultancy business where I chatted to my colleagues (in fluent French) at the coffee machine and hoped that this would lead to being able to build relationships with more French people. I was very conscious that my

(*continued*)

(continued)

friends were mostly British or Americans I had met through the mother and baby group and I wanted to obtain more of a French balance to my friendship circle. Not one of my French colleagues initiated getting together outside of work. I worked there for four years, and never saw any of my work colleagues in a social context!

Not one to give up, I changed my tactics and tried my luck at the school gate. In the UK, where I come from, school gate conversations are a great way to meet other parents and start to interact and build relationships. My plans to initiate this kind of contact in France were met by a distinct coldness; French parents made it perfectly clear that it was not appropriate to engage in conversations with someone I did not already know. My reputation as the "eccentric British woman" was well and truly established!

It was only when my children started being invited to other children's birthday parties that I started to meet other parents and talk to them. I noticed that once the other parents were not stressed about being on time to pick their children up, for example, they were (slightly!) more open to my attempts at conversation. One of the other mothers eventually invited me to her house for lunch along with my husband and my children. I remember this as a life-changing moment! When the day arrived, there was another couple who had also been invited with their children. Our hosts created the perfect French lunch (a beautifully presented table, course after course of delicious food, all accompanied by velvety local wines). In true French fashion, it is these two families who are now some of my very closest friends. In comparison, returning to the many English-speaking friends that I made during my maternity leave, I am only now in touch with about four of them. Although it may be easier to make friends in certain cultures, it's not always the case that you keep them for the long term.

Persuading: In "*The Culture Map*" (Meyer, 2015), the author refers to the different ways that cultures can be persuaded. This is an important factor to take into consideration when negotiating with a different culture: one of the fundamental aspects to succeeding in a negotiation is being able to persuade the other party to move towards your point of view. Erin Meyer presents the case that persuasion can work on a "principles-first" or an "applications-first" basis. If a culture is more "principles-first" it means that they are more likely to want to understand the theory or the global concept before being presented with a fact or statement for example. On the contrary, for "applications-first" cultures, the theoretical or philosophical discussions are not necessary; people would rather start with the facts and then add any necessary extra information if needed. France scores highly on the "principles-first" persuading scale (Meyer, 2015). In fact, they are the highest scoring culture measured in this study. This has a very big impact on how the French negotiate. If you are trying to convince your French counterpart to buy into your proposal, you will need to pay attention to *how* you "sell" your idea.

> One negotiation I remember very well is when I was negotiating in Paris with a French supplier. I was accompanied by my American boss who was visiting our major suppliers in Europe. We had to persuade the supplier to align with our standard payment terms of 60 days and relinquish their privileged status of 30 days.
>
> My American boss had done her homework; she knew that the French appreciated a factual, logical approach. She opened the negotiation by stating that we would be increasing the payment terms from 30 to 60 days. I saw the French suppliers physically recoil in horror! They moved their chairs back from the negotiating table and dropped eye contact. This was not going well!
>
> Having lived in Paris for over ten years at this time, I was able to intervene and bring the negotiation round to a more French way of persuading. I started by outlining the bigger picture. Our company had recently revised its policies, and this directive, coming from our Finance department, was intended to bring our suppliers based in France in line with our international suppliers. As soon as we opened up the discussion to bring it to a "principles-first" conversation rather than the "applications-first" approach that my boss had used, we immediately saw a more positive reaction from our supplier.
>
> It's not enough to only adapt to one part of the culture; culture is not one-dimensional!

When negotiating with a French counterpart make sure you address the wider picture first. Share the background to the issue, demonstrate that you have analysed different points of view and only afterwards outline what you expect from your counterpart. This is one of the major reasons why negotiating in France can take much longer than negotiating in the UK or the USA. The Anglo-Saxon cultures have embraced the "elevator-speech" style of negotiation (get your point across in the least time possible), whereas the French prefer to be able to take their time to consider all elements and understand the full context before delving into details.

Qualities, Strengths, and Weaknesses of This Country's Negotiators

Strengths of French Negotiators

French negotiators are, like any other culture, complex characters. They have many strengths, some of which can also be perceived as weaknesses by different cultures.

Rationalism and Nationalism: The French are a patriotic nation. They have a strong belief that their language has a rightful place in the world economy despite the invasion of English on a global scale. French people buy French cars—both Renault and PSA are partly owned by the state (Export.gov, 2017) and they listen to French music (there is an obligation for French radio stations to play at least 40% of the music they air in the French language, to counterbalance the amount of English songs that are played).

Unfortunately, this French nationalism can often be perceived as French arrogance by the outsider. Although strong patriots, the French are also realists. They understand that France may not be the superpower that it was once, such as in the Napoleonic era. It is a difficult position to find yourself in: you believe that your country has a certain superiority, yet you rationally recognise that it has less power in world affairs than it used to. In his book *French Negotiating Behaviour*, Charles Cogan (2003) explains that this superiority-inferiority juxtaposition can account for the French being on the defensive when negotiating with other cultures. They may be naturally suspicious of other cultures and will take time to be able to trust them.

Tenacity: As a rule, the French do not like losing. They do not like losing at family board games, in sporting competitions, or in business! As a result, compromise is often frowned upon by French negotiators; if you've compromised, you have not "won". In order to avoid compromising at a level which is below their prepared goals they will often open a negotiation with an outrageously extreme first proposal. Due to the extreme demands they can make, this can also mean that outsiders will think they are being arrogant. Another technique the French may use to avoid making concessions is to ignore a counterproposal given by their negotiating partner. If it doesn't fit with their expectations, they will simply ignore the offer and restate their objectives. As we have discussed above, they do not care for deadlines but would rather hold the same conversation over and over again until they wear their opponent into submission. If you are in a hurry to negotiate with a French partner, you will be at a disadvantage!

Networking: We've discussed the differences between peach and coconut cultures. The French have a tough and prickly outer shell, like that of a coconut, and it is not easy to break through this professional-personal boundary. However, if you manage to break through the hard exterior, the reward will be considerable. French people are generally wary of non-French nationals. This can lead to them being sceptical in negotiations and it will take time for them to build trust, particularly across different cultures.

> My French brother-in-law is the Sales Director for a medium-sized company in the IT sector. I asked him what he would consider to be the most important factor in holding successful negotiations with the French. His answer was immediate and unequivocal: work hard at building relationships! This can seem like an uphill struggle for outsiders but it can be achieved as long as you are willing to spend the time in doing so.

Another relevant aspect of networking to be considered is how to choose the channels you go through. In most companies, there is an official channel to be followed. For example, if you are in sales and you want to pitch your product or service to a potential new customer, the official channel will usually be to contact the procurement team. However, more often than not the procurement team works under a tight sourcing policy and may not accept to meet prospective suppliers if they cannot see an immediate need for this product or service. Many people in France will, therefore, work through the "back channels" or unofficial channels.

Let's imagine that I would like to sell a new software tool to a communications company in France. I have contacted the procurement team and they have replied that they have no need for this type of product at present. I could decide to abandon this prospective client or I could decide to go down another (unofficial) channel. Perhaps I could find out the name of a person who works in IT for this company and contact them directly. They might agree to meet with me, and I can try to build a relationship with them (perhaps lunch at a good restaurant would help). Once this IT contact is onboard with my proposal, I can use this contact to persuade the procurement team internally. Business is not as linear in France as it is in many other countries. Of course, now that you are aware of how such back channels work in French business culture, be careful; just as you can exploit them, they can also be used against you!

France is a country where networking is of utmost importance. The alumni networks of business schools and universities are an essential part of how many people gain the first rung on the employment ladder and continue to work their way upwards. France is definitely a culture in which *what* you know is generally not as important as *who* you know.

Weaknesses of French Negotiators

As mentioned earlier, some of the strengths in one culture can also be viewed as a weakness by another culture.

Time Management: France is ranked more or less in the middle of the linear time to flexible time scheduling dimension (Meyer, 2015). In general, the French appreciate punctuality but not to the extreme of some different cultures. For example, if you are due to arrive five minutes late for a meeting it is probably unnecessary to call ahead to warn your counterpart. Parisians and Northern France will be more respectful of time than their Southern neighbours. The further south you travel through the country, the less people seem to worry about the notion of time. In Toulouse, for example, there is even an expression for this, "le quart d'heure toulousain" (the "Toulouse quarter of an hour"). This basically means that if your meeting is due to start in Toulouse at 2 pm and you arrive promptly at 2 pm, it is highly likely that you will sit on your own in the meeting room for 15 minutes before your Southern French counterpart arrives. There will be no profuse apology, perhaps just a passing remark that they were held up/stuck in traffic/finishing lunch and you will be expected to accept this as being normal. For more linear time-driven cultures, this may be difficult!

There is another phenomenon around time management which is related to the French mind-set and how they prefer to negotiate. As discussed above, discussion and debate are the preferred methods for French people to understand and then accept new ideas. This means that most meetings in France do not adhere to a strict agenda. In fact, in most meetings I have attended in France, the agenda is either mentioned briefly at the start of the meeting and then never consulted again or not mentioned at all! French people prefer to "go with the flow" of the meeting. A discussion is encouraged and agendas are put to one side. Often, there are several discussions happening at the same time in the same meeting. People will often interrupt each other. A meeting is seen as a sounding board for lots of different discussion topics rather than rattling through an agenda and finding agreement on individual points. This more circular way of working can be frustrating to more linear cultures.

Creativity and Innovation: The French are often accused of being a country of pessimists. They will tend to spend much longer discussing the problem rather than focusing on the solution. This can be seen through France's score on the Hofstede's Insights Uncertainty Avoidance dimension and also their love of a great debate. They will dissect any problem into its most minute parts before they proceed to think about potential solutions. This also follows how French children and students have been taught to think and analyse through the education system.

French people are uncomfortable with ambiguity and risk; they are what is known as "risk averse". A good example of how risk averse the nation can be is to consider that insurance companies in France rank as some of the highest profit-making companies in the country. The French insure everything and everyone; even young children who start infant school at three years old provide a copy of their civil insurance contract to their school, in order to prove that they are insured in case they drop a library book on another child's foot! Due to the efforts dedicated to avoiding risk and dissecting problems, not as much time and effort are spent on typically advised negotiation activities such as generating options to resolve the issue at hand (Fisher, Patton & Ury, 1981).

Another consequence of this tendency to focus on problems rather than solutions results in less innovation in the French market than in other comparable countries. As we have discussed above, France is behind many other countries in terms of innovation and creativity in business. There are some efforts being made to increase innovation in the country such as the opening of "Station F" in Paris in 2016 which claims to be the world's biggest start-up campus. There are other start-up incubators following suit, but in order for such initiatives to build momentum, policies will need to be developed across the country; it will take time before they take root within society and achieve any change in its mind-set (OECD, 2017).

Are the French Really Arrogant? France is regularly voted as the rudest, most arrogant country for foreigners to visit (Bender, 2012). It is a title that does not phase the French one iota. But are they actually arrogant and rude? (Poirier, 2005; Trigg, 2017). As with most aspects of country comparison, it depends which countries are being compared. Having said that, there are certain formalities in France which need to be respected if you want to get along with the French. One of the fundamentals is the importance of "bonjour". A conversation is a non-starter without this small word. If you try to start a conversation with somebody in France (e.g. even if you are asking for directions in the street) the French will look upon you with disdain (and possibly even a certain degree of disgust!) if you do not say "hello" first (Powers, 2016).

Secondly, outsiders also need to realise that this "arrogance" is not only reserved for foreigners. The French treat each other like this too. This arrogance or rudeness can be explained by the many different components of the French culture:

- the formality of the culture, particularly when interacting with strangers;
- the "coconut" dynamic of relationship building, as we have discussed above;
- The directness of communication and particularly the blunt manner in which the French give negative feedback (Meyer, 2015). Most French people see no problem in telling a friend/colleague/negotiating partner exactly what is wrong with their hair/report/proposition in a direct, straightforward, and honest way, without pulling any punches.

For all of these reasons, outsiders can perceive the French as rude and arrogant people. However as discussed earlier, once you have cracked that outer shell of the coconut, you would be hard-pressed to find better friends and colleagues with whom to build long-term, trusting relationships anywhere else in the world.

Exceptions to National Negotiation Culture: Subcultures, Contextual Differences, and Change Processes

Subcultures

France is a geographically diverse country. There are many miles of beautiful coastline, whether they are on the Atlantic Ocean or the Mediterranean Sea, there are different mountain ranges from the Pyrenees on the France/Spain border, the Alps, or the Vosges further north. This variety in geography is also highlighted by the differences between departments and regions within the country. It seems that each region and department (and sometimes even city or town!) has their own history, their own accent, their own gastronomical speciality, and their own wine. This diversity is, of course, one of the reasons why France remains the number one tourist destination in the world. It also accounts for differences in people's behaviour and interactional patterns.

As a general rule, people become friendlier the further north you go. The exception to this rule would be Paris. Parisians are probably the most difficult to approach and to get to know. However, this reputation is slowly changing. One of the reasons for this change is that the number of "true Parisians" (Parisian born and bred) is decreasing as more people from "la province" arrive in the city for work. The other reason for this change is that the government has launched initiatives targeting Parisians in an attempt to make them friendlier, particularly with respect to tourists. Additionally, the French become notably more "Latin" the further south you travel. Tendencies associated with the Latin cultures (e.g. Italy and Spain) such as people being more expressive, in tone of voice and in body language, are easily observable in the South of France. Subcultures exist all over France, whether they are divided by region, by wine-growing valleys, or by cheese-making domains. It is fundamental to research the actual area where you will be travelling to and negotiating in to ensure that you also take into account any of the specific subcultures you may encounter.

Dialects and Accents

The French language taught in most high schools around the world teaching French as a second language will be Parisian French. This is the French that you will usually hear on the TV in France, especially for the much-favoured current affairs discussion and news programmes. Although this Parisian accent is referred to as an international standard for the French language, most French people living outside Paris will look a little disdainfully at the capital's accent as lacking a certain charm. In most other regions outside Paris there are distinct accents that vary enormously from North to South and from East to West.

Beyond accent, some areas even have their own dialect (examples are the Breton dialect in Brittany, Alsatian in Alsace, or Occitan in the Southwest). Although these dialects are less commonly used than in previous times, there is a concerted effort made by cultural organisations to keep them alive. In many regions where local dialects are spoken, some lessons in state schools will be held in the local dialect to ensure its continuity with the younger generations. However, these dialects are not used in business contexts. To conclude the issue of language, wherever you are in France and no matter how good or bad your accent may be, if you can speak even a little French, it will be greatly appreciated by your French counterpart.

Change Process

As previously discussed above regarding Hofstede's Uncertainty Avoidance dimension, the French do not like to be in a position of uncertainty. Change brings uncertainty and therefore is not usually welcomed by the French. As we saw above, it is helpful to use the "principles-first" approach when persuading the French to accept new ideas or new ways of working. The best approach when convincing French people to accept a change will be to follow a step-by-step process in which you accompany and support them as much as possible.

First of all, the French will need time to analyse the whys and wherefores of this change. Although you may feel that you have presented the details of the change in sufficient detail, most French people will need to assimilate the reasons for the change themselves. This means that they make their own analysis on the proposed topic for a change. As a second step, they will want to discuss the change under every possible angle. Do not be alarmed if they tell you they do not agree with you at this stage. This discussion and debate is part of the process of how the French mind-set works and the need to delve deeper into the subject matter. This second stage can take much longer in France than in some other cultures. The third step in the change process will be a detailed negotiation of exactly which changes will be accepted and which will be refused. Remember that the French can be very tenacious and they do not like compromise if it can be avoided. If you are looking to implement change with your French counterpart, give yourself, and more importantly them, the time to assimilate and accept this change. Rushing to push the change through will not be appreciated by your French counterpart.

Best Practices for Negotiating with Managers from This Country

We have discussed many different elements of how to negotiate with the French throughout this chapter. Some references such as Business Insider reports (Lewis, 2014), *Kiss, Bow, or Shake Hands: Europe* (Morrison & Conaway, 2007), and Passport to Trade (2017) offer practical guidelines of what to do and what not to do whilst working with different cultures. However, these guidelines often remain somewhat superficial and today most of us recognise that culture goes a lot deeper than on-the-surface rules and regulations. Table 9.3 below gives an overview of the Dos and Don'ts to remember when dealing with the French which attempt to cover more than the easily visible aspects.

Final Thoughts

As with many different cultures and nationalities we tend to rely on clichés and stereotypes as to how we think the French behave. It would be a mistake to do this if entering into a negotiation with a French counterpart. The French can appear to be a complex nation from an outsider's point of view. There are many aspects of the French culture which make them formidable negotiation

Table 9.3 Successful negotiations the French way

Dos	Don'ts
1. Prefer face-to-face meetings wherever possible 2. Speak some French if you can 3. Apologise if you do not speak French 4. Allow time to build relationships 5. Allow time for lengthy discussion and debate 6. Respect formal and reserved nature 7. Always use the "vous" version of "you" 8. Address people as "Monsieur" or "Madame" 9. Show a great appreciation of the food	1. Do not assume that all French people will be open and friendly 2. Do not attempt to break rules and regulations 3. Do not attempt to break down hierarchies 4. Don't start the negotiation with personal questions 5. Do not use the informal "tu" form of "you" unless your counterpart does so first 6. Do not assume you can call people by their first names 7. Do not dress too casually; smartness is important in business negotiations 8. Do not try to hurry your French counterpart into agreement 9. Do not presume that all French people have an excellent command of English

Author's own creation

counterparts such as their direct and logical approach, their love of a good debate, and the fact that they do not run from confrontation.

However, international negotiators who fail to recognise the hidden depths to the French culture—such as the different approach to time management or the different flow of networking patterns—may find themselves at a loss very quickly whilst negotiating with a French counterpart. On the other hand, negotiators understanding French complexity and tendencies will be much more successful in leading positive negotiations with their French counterparts.

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10

Negotiating with Managers from Israel

Diana Bank Weinberg

Introduction

If there is any country that has attracted an overwhelming amount of media attention over the last few decades, it is Israel. From its humble beginnings of statehood in 1948, to assume the status of the most developed economy in the Middle East, Israel has come a long way regarding economic, social, and political development. How has Israel negotiated its way out of the sand and into leading global technological innovation? Israeli negotiating skills must be understood in the context of survival, determination, and persistence.

The majority of Israelis are Jewish, yet a sizeable minority of over 20 percent of the population is of Arab Muslim or Christian origin. The religious cultures of Israel affect Israelis' ways of negotiating in international business (IB). Although they have points of intersection in negotiation styles owing to being currently co-located and having partially overlapping cultures, many differences exist between these religious groups. Israel's complexity does not end here; internal differences exist across different demographic lines. As a country of immigrants, Israel has seen many people from many different origins import their own native cultures into the Levantine way of thinking and acting. Since the creation of the state of Israel in 1948 until today, over 3 million people have immigrated to the country from, *inter alia*, the former USSR (over 1.2 million); various Muslim countries, mainly Iran, Iraq, Syria,

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Lebanon, the Maghreb, Libya, Egypt, and Turkey (over 380,000); the USA and Canada (over 140,000); Ethiopia (over 92,000); France (over 80,000); Argentina (over 67,000); the UK (over 35,000); and South Africa (over 20,000). Other countries of lesser immigration include Australia, Mexico, Brazil, India, and Iran (Central Bureau of Statistics, 2018).

This chapter begins by explaining who Israelis are, discussing their historical and cultural psychology, and other economic aspects of Israel. All these will be tied to their effect on IB negotiations with Israelis. We focus primarily on the Jewish Israeli, the *Sabra*. Mainly, we spotlight Israel's high-tech sector, one of the most vibrant in the world. There is one start-up company per 1400 people in Israel, compared with 0.112 in France, 0.056 in Germany, and 0.21 in the UK (Bordo, 2018), while wages in this sector tend to be almost 2.5 times higher than in other areas of the economy (Brand, Weiss, & Zimring, 2017). Israel's high-tech industry spans pharmaceutical and chemical manufacturing, computer exports, electronic and optic equipment, software and information services, and research and development (Brand et al., 2017). It is both interesting and important to comment that Israel indeed has two separate economies—high-tech companies employ one in ten Israelis, then the other nine work in the rest of the economy, described by some as "…a left-behind nation that is inefficient and protected from competition" (The Economist, 2018). Israel ranks 23rd out of 35 nations on the Organization of Economic Co-operation and Development (OECD's) productivity scale (Ackerman, 2018). Nonetheless, most of the recent significant business negotiations in Israel have been in the high-tech arena, which accounts for around 49 percent of all Israeli exports in 2016 (Barkat, 2017). The chapter ends with recommendations for achieving a positive outcome in negotiations with Israelis.

The *Sabra* Redux

Out of the ashes of the *Shoah* (Holocaust), Israel was born in 1948. This followed a pre-statehood period of Jewish immigration to the region. Starting around 1882, the first Jews from Eastern Europe arrived in Ottoman Palestine, as part of what has been dubbed the First *Aliyah* (immigration) (Scharfstein, 1997). They were mainly driven by the growing nationalist movements in Europe and the increasing frequency and violence of pogroms in Jewish *shtetls* (small towns primarily inhabited by Jews) in Central and Eastern Europe (Johnson, 1987). The idea of returning to Zion, the ancestral land from which they had been twice exiled by the Babylonian empire (in 586 BCE) and by the Roman empire (in about 70 CE) had always been an integral part of Jewish consciousness, longing, and desire (Scharfstein, 1997). For centuries, during the Passover holiday (one of the holiest in Judaism), Jews finish their prayers by saying: "Next year in Jerusalem," blending nostalgia and sadness. This yearning is an indelible part of Jewish culture.

These early settlers were joined by other waves of immigration and lived, together with the area's indigenous Arab or Palestinian population, as subjects of Ottoman Palestine, a physical region belonging to the Ottoman Empire until 1917. After the First World War, the area became known as Palestine, governed by the British Mandate between 1917 and 1947. The state of Israel was established in 1948 and became a focal point for waves of Jewish immigration, primarily from Europe as well as from Arab countries.

With the birth of the state of Israel came the birth (or rebirth) of the Israeli and the rise of the *Sabras:* Jews born in Israel to parents who came from different countries. *Sabras* were a new type of individuals, with a new culture and new outlook on life compared to their Jewish contemporaries abroad or their immigrant parents and grandparents. Whereas their forefathers born in different countries came to Israel with their own cultures and ways of doing business—a German (Ashkenazi) Jew would act more like a German, a Turkish (Sephardi) Jew would think more like a Turk, and a (Mizrahi) Jew from Iran would behave more like an Iranian—the native-born *Sabra* had a completely novel mind-set. At first, this mind-set found expression in the determination to establish a state and in a willingness to do whatever it takes to achieve that. *Sabras* have a Middle Eastern mentality affecting how they see the world and react to it. A *Sabra* is determined, has *chutzpah* (gall, audacity), and is stubborn. Associations with the *Sabra* include an obsession with survival, courage, energy, opinionated views, articulateness, impatience, morality, and modernity. The first generations of *Sabras* created a new national consciousness, superseding geographic origin and descent. As Israel lacks an aristocracy, achievement and dynamism are strongly considered signs of leadership (Lewis, 2005). Intelligence and creativity are also highly prized, while talent, effort, and success are hugely respected.

There is a sizeable native population of Arab Palestinians living within Israel. They are called Israeli Arabs by Jews and the Israeli government, although some self-identify otherwise (e.g., as Palestinian). Comprising both Muslim and Christian communities, Israeli Arabs are the largest minority in Israel and comprise about 21 percent of the population (Landau, 2016). They have their own cultural behavioral norms, including their own style of negotiation. Israel is not a homogeneous country; it is highly multicultural and lacks uniformity due to its history and to the mixture of peoples, ethnicities, and cultures which have passed through and remained over the past few centuries and up to the present day.

Israel's Political and Economic History

Before Israel came into being, the area known as Palestine was being administered by the British Mandate of Palestine, which it had inherited from the Ottoman Empire in 1920. Although both Arabs and Jews lived in relative peace, they had a common enemy (the British) against whom they struggled to gain political independence. However, they did not unite against their common enemy, given the overriding conflicting aims and goals of these revolts. The Balfour Declaration of 1917 had promised the establishment of a "national home for the Jewish people" in Palestine (Balfour, 1917). The native Arab populations (and the native Sephardi populations) had not been consulted and therefore felt this promise to be one-sided as it did not also mention a national home for Arabs, even though "…it being clearly understood that nothing shall be done which may prejudice the civil and religious rights of existing non-Jewish communities in Palestine…" (Balfour, 1917). When the United Nations voted to accept the declaration of independence of Israel by David Ben-Gurion in May 1948, upon the expiration of the British Mandate in Palestine, the surrounding Arab states of Egypt, Transjordan, Iraq, and Syria invaded the newly proclaimed state. Since then, most of Israel's neighbors, as well as other Arab countries, are technically still at war with Israel; notable exceptions are Egypt and Jordan (who entered into peace agreements with Israel in 1979 and 1994, respectively).

This *matzav* (the Israeli term for "the overall security situation") has continued to deteriorate over time. Since the mid-1990s, the Middle East and Israel's place in it have undergone many shake-ups and many profound transformations. While it is beyond the scope of this chapter to analyze the politics of the Middle East as a whole, a few highlights relating to Israel and the Palestinians are warranted as this ongoing conflict has affected Israeli culture and negotiating style.

While the casual TV viewer might assume, based on daily news reports, that Israel's conflict is solely with the Palestinians, this cannot be further from the truth. Syria, Iran, and Lebanon are also significant sources of Israeli security concerns. Nonetheless, Israelis focus on their relations with the Palestinian, their closest neighbors, as the most pressing day-to-day issue. This issue, presented here in simplified form, has been brewing for over 70 years since the conflict accompanying the establishment of the state of Israel resulted in many Palestinians fleeing or being chased out of their homes and villages. Many ultimately returned home and became Israeli Arabs with full citizenship rights in Israel. Those who did not, stayed in neighboring Arab countries as refugees. Another wave of refugees joined them after Israel's occupation of the West

Bank and Gaza during the Six-Day War of 1973. Today, more than 1.5 million individuals live in 58 recognized Palestine refugee camps in Jordan, Lebanon, the Syrian Arab Republic, the Gaza Strip, and the West Bank, including East Jerusalem (UNRWA, n.d.). Many refugees have since emigrated to other countries, creating a worldwide Palestinian diaspora with familial and emotional ties to the land their family left long ago. This unresolved situation has led to increased ill will and hostilities between Israeli Jews and Arabs around the world. The Palestinian issue has always been at the heart of relationships between Israel and its neighbors—both in war (as an issue to fight over) and in peace (as a point to be addressed in any peace arrangement with external countries, or as something to resolve before Arab nations will agree to normalize relations with Israel). Israel's direct interaction with the Palestinians similarly swing between conflict (e.g., Israel's ongoing occupation of Palestinian territory and the various Palestinian *intifadas* (uprisings) in 1987–1991 and 2000–2005) and efforts to negotiate peace. The peace process initiated by the Oslo agreements in 1993 fell apart a short time later. This process created the Palestinian Authority which provided the Palestinians with a higher degree of self-government than before. However, while this body continues to govern in the West Bank, another Palestinian group, Hamas (a Sunni fundamentalist Islamist group, considered a terrorist organization by the US, the EU, and Israel), was democratically elected in the Gaza Strip in 2007. The enmity between the Palestinian Authority and Hamas is bitter, and this Palestinian fragmentation defeats any possibility of presenting a united front in possible peace negotiations with Israel—even if Israel was inclined to participate in such talks, which its current government decidedly is not. This is not limited to Israel's leadership; the ongoing situation has led Israelis to accept '*Ein im mi l'daber*'—there's nobody to talk to on the other side, no partner for compromise—as gospel (Klein Halevi, 2018). With skepticism as to the notion of peace grows on both sides, we are faced today with an impasse that will not be solved any time soon.

This background is essential as it dictates both Israel's internal political environment and its business environment. Due to the protracted state of ongoing hostilities with its neighbors, Israel has maintained a military equipped with the most advanced weapons and intelligence to defend the country from possible attacks from its surrounding enemies. Israeli advances in military technology have spilled over to the civilian sector in the form of entrepreneurial start-ups, which have been at the forefront of the country's technological prowess, hence Israel's status as the "Start-Up Nation" (Senor & Singer, 2009). In 2015 alone, more than 700 Israeli companies have raised around USD 4.4 billion in investment, one of the highest levels to date (Orpaz, 2016). Multinational firms, including Google, Intel, and Apple, have invested in the country, mostly in Research and Development (R&D), and have also acquired many of the country's start-up companies. Witness the astonishing purchase of Waze by Google for USD 1.15 billion in 2015, the most expensive consumer app gobbled up, to date, by a large tech multinational. It is estimated that 12 percent of the country's gross domestic product (GDP) comes from technological goods and services (Relander, 2018). Therefore, as this sector is so crucial to the Israeli economy and is so capital-intensive, venture capital must be attracted to the country. Hence, the need for international negotiating skills. Of course, other businesses not directly related to technology are also in need of negotiating skills. A good example would be the well-known pharmaceutical generics company Teva, founded in 1901; it has become one of the world's largest companies in generic medicines, mainly due to the international acquisitions it has made since 1980.

Historically, Israel has had a very open economy. This was true even before the legal establishment of the state and has been staunchly supported by the government since statehood. According to the Israel Ministry of Foreign Affairs (IMFA) (n.d.), the beginnings of the Israeli economy were in small workshops established in the nineteenth century to manufacture products for the agricultural industry. These developed and expanded with the immigration of entrepreneurs in the early twentieth century and German engineers in the 1930s. Additionally, during these years, Israel was forced to produce commodities, such as clothing and canned foods, which could not be imported from Europe while the Second World War raged. The industrial output of the 1970s increased in the production of food processing, textiles, fashion, as well as more advanced agricultural products (chemicals, pesticides, fertilizers, rubber, and plastics), as the agricultural sector developed to accommodate with immigration to the new state. The next phase of industrialization focused on more advanced products in aviation and armaments, mainly due to the political and security challenges Israel was facing at that time. These accelerated with various arms embargoes placed on Israel at different points and culminated with the birth of the "Start-Up Nation." Today, Israel is at the forefront of technological innovation with production growth of up to 8 percent in recent years (IMFA, n.d.). Hi-tech industries, such as medical devices (CT scans by Elscint), electronics, computer software (e.g., the first Voice over Internet Protocol (VoIP)-based PC-to-Phone software solution by VocalTec; ICQ by Mirabilis) and hardware (the USB flash drive by M-Systems), and optics (Pillcam by Given Imaging), for example, were so innovative, and demand was so high, that Israel became a net exporter of such products worldwide.

Israel shipped USD 60.9 billion worth of goods, or around 30 percent of the country's GDP, around the globe in 2017. Of this total, about 34 percent

Table 10.1 Ten largest exports from Israel in 2017

	Exports	Total exports (in USD)	Percentage of total exports
1	Gems, precious metals	15.2 billion	25.0
2	Electrical machinery, equipment	7.5 billion	12.3
3	Pharmaceuticals	7.3 billion	12.0
4	Machinery including computers	4.7 billion	7.8
5	Optical, technical, medical apparatus	4.7 billion	7.7
6	Aircraft, spacecraft	3.0 billion	4.9
7	Other chemical goods	2.8 billion	4.6
8	Plastics, plastic articles	2.7 billion	4.5
9	Organic chemicals	1.3 billion	2.1
10	Fertilizers	1.2 billion	2.0

Adapted from Workman (2018)

went to Europe, closely followed by North America (close to 30 percent) and Asia (close to 25 percent). Africa and Latin America also figured in this total although in much smaller numbers (about 4 percent in total) (Workman, 2018). Table 10.1 shows the ten largest exports from Israel in 2017, accounting for 83 percent of its total exports.

Another force propelling Israel to such a high level of innovation was one of its expatriate communities—Israelis who had been working and living in California's Silicon Valley since the 1980s. This community helped in the establishment and development of the Israeli R&D centers for Intel, Microsoft, and IBM, among others. These developments, and the accompanying need for technologically savvy labor, coincided with a massive immigration to Israel of about 1 million Jews from the former Soviet Union, who were highly skilled scientists and engineers, and who brought the skills required for fast-paced development of increasingly sophisticated products with high added value (Israel Exporter, 2018). Today, the Israeli consulate in California estimates that there are anywhere from 60,000 to 100,000 Israelis in the region, which comprises San Francisco, Oakland, San Jose, and the cities around them. To serve these Jewish Argonauts, United Airlines began a direct flight from San Francisco to Tel Aviv in 2016 (The Jerusalem Post, 2017).

The *Sabra* Mentality and Culture, and Its Role in IB Negotiations

As previously mentioned, there is not one single Israeli culture due to the combination of different nationalities and religions in the country. In this chapter, we mostly concentrate on the *Sabra* and their cultural background and briefly refer to Israeli Arab culture and negotiation style, as a subculture of Israel.

Table 10.2 Characteristics of monochronic versus polychromic people

Monochromic people	Polychronic
One thing at a time (linearity)	Multitasking (moments overlap)
Punctuality (rigidity)	Tardiness (flexibility)
Agenda followed top to bottom	Agenda as a guide, holistic approach
Low context	High context
Short-term work relationships (outcome orientated)	Long-term work-personal relationships (relationship orientated)
Task oriented	Non-task oriented
Transparency	Stall tactics

Adapted from Hall (1989), Duranti and Di Prata (2009)

Culture is a broad term and the root of many problems and misunderstandings in IB. As opposed to the American or Northern European cultures, which are monochromic and rule-oriented, Israeli culture is polychronic, which means that it is committed to people and long-term relationships; many things are done at once, and plans can change quickly and be flexible, among other differences (Duranti & Di Prata, 2009). Table 10.2 shows some of the differences between these two different cultural modes, both in the private sphere and in business. Formality is not seen as necessary, and the *Sabra* tends to be blunt, straightforward, and quick in their decision-making process. Therefore, non-Israelis often perceive *Sabras* as being arrogant, aggressive, and pushy, even though they are actually direct and honest (Abramson & Moran, 2017). Israelis do not have much patience, or so it seems to a Western person, and they have a lot of *chutzpah*. They are in a rush, as they see protracted negotiations as a waste of time—even though they aim to reach a win-win situation.

Moreover, *Sabras* do not like hierarchies and have never been too keen on following the rules. They do respect authority (a trait primarily acquired during their mandatory military service), but they feel free to challenge and question their superiors or others in positions of power. Everyone is entitled to voice their opinion, as society tends to be democratic and egalitarian. Performance is more important than seniority and status (this is also an influence of the army service where both men and women serve after high school). Many Israeli start-ups are launched by young men and women, who became millionaires while still in their 20s. The example of Mirabilis is a case in point. After finishing their military service in their early 20s, three army buddies started the first stand-alone instant messaging service, ICQ ("I seek you"). Established in 1996, the company was sold to AOL in 1998 for over USD 400 million in cash (Senor & Singer, 2009).

Nonverbal communication plays a strong part in any negotiation with Israelis. Gesturing is often used when communicating. Personal space virtually does not exist. Physical contact is significant to Israelis, and a relationship-building process always precedes the business talk. It is not uncommon for an Israeli to ask about salaries, cost of apartments, and other family matters to create bridges and understanding, even before negotiations begin. This might include asking for personal information that other cultures would find inappropriate to ask about. It is one thing to ask, "How much do apartments cost in this city?" An Israeli might ask you "How much did you pay for your apartment?" Verbal and nonverbal communication go hand in hand with Israel being a high-context (HC) culture, as described by Hall (1989): "…HC transactions feature preprogrammed information that is in the receiver and the setting, with only minimal information in the transmitted message. LC (low context) transactions are the reverse. Most of the information must be in the transmitted message to make up for what is missing in the context (both internal and external)." In Israel, as previously noted, relationships are built on trust, and there is a high use of nonverbal elements, voice tone, facial expression, and gestures, which allow for the verbal message to be transmitted indirectly. At the same time, Israelis are direct and matter-of-fact. For being an HC culture, Israel also has many LC elements.

Therefore, various cultural factors play a determining role in negotiations between Israelis and other nationalities, including attitudes toward, individual/collective behavior, patterns of communication, and an emphasis on personal relations, among others (Ghauri, 2003). The Lewis (2005) model positions Israel in the middle of the linear-active and multi-active axis, explaining how Israelis plan, schedule, organize, and pursue action chains, while at the same time managing to be lively and loquacious people who can do many things at once. Planning priorities are not necessarily based on time but the importance of the appointment (Lubin, 2013). People in collectivist cultures are mainly concerned with relationships. The unique flavor of Israel's collectivistic culture, like so many other elements discussed in this chapter, has its roots in the development of pre-state society. With a strong national identity, and coming from countries with strong nationalist sentiment, the first immigrants to Israel arrived with socialist ideas that they attempted to implement in the framework of the Israeli *kibbutz* (collective village), which emphasized equality (Triandis, 2001) but also provided the desired ideological socialization (Almog, 2000). In these frameworks, for example, children were separated from their parents and lived in children's houses, seen not as the children of individual families but of the community as a whole. They participated in the work of the adults, developing a profound commitment to the socialist ethos (Almog, 2000). Even though today the number of people living in *kibbutzim* today is quite small (around 100,000), the collectivist mentality developed in these collectives has permeated Israeli society. The conflicts with the Palestinians and neighboring countries have contributed to the formation of a sense of "us" versus "them." Military service has had a similar effect in cementing the *Sabra* collectivist mentality (Almog, 2000).

So far, we have described the *Sabra* mentality and how Israeli culture influences Israeli personality and behavior. The *Sabra* is not an easy person to deal with; how does one negotiate with such persistent, stubborn, and determined people?

How to Negotiate Successfully with a *Sabra*. Etiquette, Proposals, and Recommendations

The worlds of doing business and social interaction considerably overlap in relationship-oriented Israel, and it is difficult to separate them. Israelis are intuitive and excellent networkers, both in business and in their private lives. Hence, informality and serendipity play an important role in Israeli society. Israel is a tiny country, and it behaves like a large ghetto, only instead of this being a crowded urban part of a city (as in Venice, Italy, where the term originated in the sixteenth century), it is the whole country: Everybody knows everybody else, and a good dose of *protekzia* (relationships with people-in-the-right-places) and personal recommendations go a long way (Kordova, 2012). Here are some rules of etiquette, proposals, and recommendations for best practices.

Pros and Cons of Israeli Negotiators

Because of the cultural issues discussed above, it is fair to say that it can be easy to negotiate with a *Sabra* once one understands what makes them tick The *Sabra* is a warm-hearted individual. Literally, *Sabra* means "cactus fruit" or "prickly pear"; the first generation of native newborns was thus compared to the fruit of the new desert region their parents had adopted and chosen for them. Shimoni (2017) explains the metaphor fully, describing the *Sabra* as "…tough and prickly on the outside, but sweet and soft on the inside."

As we have previously read, there are many pros and cons associated with *Sabra* negotiators. Table 10.3 shows some of the most salient ones. Due to

Table 10.3 Pros and cons of Israeli negotiators

Pros	Cons
Direct and straightforward communication	Stubborn, "I know best" attitude, ethnocentric, can appear opinionated
Not as hierarchically driven, more informal	Can be loud and almost never silent
Specific and extensive contracts	Information not shared freely
Consensus in decisions	Deceptive negotiation techniques can be used
Polymorphic culture, value long-term relationships	Personal interests come first, win-lose negotiations
Start negotiations with respect and appreciation	Can use emotional negotiating techniques
Can speak English and other languages	Can seem like confrontational negotiators
Time flexibility, spontaneity	Multitasking, can appear distracted
Curious and want to know facts, interested party	Emotions and feelings play an important role
Experience with interacting with different cultures	

Adapted from Katz (2007)

historical reasons, Israelis are used to interacting with the world. Their long history of import and export, even before the birth of the state of Israel, has made Israelis open to the world in a pragmatic way. While language skills, in general, may not be too advanced, for IB negotiators, English is the language *de rigueur*. As mentioned before, many Israelis are children of immigrants and have learned foreign languages in childhood (Arabic, Persian, German, Spanish, French, among others); yet others are *olim chadashim* (new immigrants) who speak foreign languages as their mother tongue. This gives Israel a significant advantage: The new melting pot and collectivist culture have provided Israelis access and contacts in foreign markets. As open as *Sabras* seem, they may also appear stubborn with an "I know best" attitude and very strong opinions. They can be loud and are often perceived as too talkative, although they will not share information freely, instead keep it to themselves until it is necessary to reveal. Being informal and passionate causes them to use emotional, and even confrontational, negotiation techniques. Also, if they do want a win-win situation, and clearly understand that this would be best for all parties involved, their viewpoint cannot help but favors their interests. As Israelis are not hierarchically driven, consensus decision-making is preferred; relationships are highly valued and come before anything else. Israelis appreciate foreigners and the starting point is always a respectful one before the hard bargaining starts.

Protocol and Etiquette

When meeting with *Sabras* on social and/or work occasions, it is important to note that they are very proud of their country; opinions on politics and religion should be withheld from the conversation unless they bring it up themselves. These are two topics that are hard to talk about for *Sabras,* for they have mixed feelings about them. Besides these topics, Israelis are very direct and will have no problem being frank and open in negotiations (Abramson & Moran, 2017). In general, Israelis are very opinionated about everything, whether they have in-depth knowledge of the topic or not.

Furthermore, in addition to meeting you in their office, an Israeli may invite you to his/her home as a sign of friendship and trust, even if she/he has met you in a business setting. Israelis are hospitable by nature and, besides, consider their homes as an extension of themselves. Gift giving is appreciated. Flowers, chocolates, and (kosher) wine are always welcome. Dress should be business casual but not too revealing for women, especially around religiously observant Israelis. Handshakes are expected, except among the religiously observant populations where men and women refrain from engaging in physical contact. Secular Israelis make frequent physical contact and require and respect personal space much less than in the US or Northern Europe. Physical touch conveys the message that they feel comfortable with their counterpart and want to continue with the negotiations. Eye contact and close physical proximity are essential for their positive effect on building trust. Loud, opinionated speech is typical in Israel, as is interlocutors interrupting each other. This is not meant to be aggressive and disrespectful and must be considered as the "Israeli way." Gestures and body language should be carefully watched, read, and understood—and should be as sincere as possible rather than artificial (Katz, 2007).

With regard to punctuality, it is generally best to arrive on time for meetings, although Israelis might themselves be somewhat late, as time is fluid and flexible in their minds. Calling someone by their first name is the norm, and titles are seldom used (the Hebrew language uses only the informal form; "you" is used for everyone). Cards are exchanged but no formalities are involved, as is customary in Asian countries. During business meetings, presentations should be short and to the point, as Israelis tend to be somewhat impatient and want all the information pronto. Time is a valuable asset for Israelis, and they do not want to waste it if this can be avoided. Despite this, the pace of negotiations may be slow at the beginning stages of meetings. As this progresses, and negotiators feel they have enough information, the bargaining may start, and the process will pick up speed. Deceptive techniques are frequently used, and Israeli negotiators may expect that you use them as well. Such tactics might include telling lies and sending fake nonverbal messages (Katz, 2007). Israelis are tough negotiators; they are risk-takers and thrive on challenges and uncertainty.

To sum it up, we note Gili Ovadia's (the head of the Israeli government's economic and trade office on the West Coast) advice to Israelis in dealing with foreigners: "Don't interrupt. Don't yell. Don't condescend to the marketing team. Don't show up late. Don't leave typos in your emails" (The Jerusalem Post, 2017). These are all things Israelis do naturally and must themselves adapt when they work abroad. Indeed, the *Sabra* mentality and culture colors IB negotiations everywhere Israelis live. Encountering them on their home turf, you are even more likely to see these behaviors playing out, unrestrained.

Future Research Directions

This chapter has focused mainly on the Jewish inhabitants of the state of Israel. This means that about 21 percent of the population which is Arab has not been addressed in this chapter. Of this minority subculture, Muslims comprise about 80 percent, while Christians and Druze (recognized by Israel as an independent religious community) constitute about 9 percent each (Marcus, 2005). For future research, this informational deficit needs to be rectified by additional studies dealing with the Arab population of Israel or Israeli Palestinians, as many like to describe themselves, being Israeli by citizenship but Palestinian by nationality. The case of the Druze needs examination, as they do not consider themselves to be Palestinians, but rather a distinct ethnic community which lives in Israel and is a full partner in the state (Druze are even allowed to serve in the Israeli army, while Israeli Palestinians are not). The Arab population has been somewhat neglected by the Israeli government regarding civil rights and feels discriminated against. One of the major complaints of Israeli Arabs is that their municipalities benefit from far less government funding than Jewish areas (Marcus, 2005), thereby exacerbating poverty and the lack of quality educational opportunities.

Despite these factors, the situation is slowly changing for the better for this population. In 2007, only 300 Arab engineers were working in the high-tech sector. Ten years later, in late 2017, there were an estimated 5,000 Arab computer programmers and software engineers employed across Israel (Schindler, 2017). Moreover, in the years to come, Israel is expected to face a shortage of some 10,000 high-tech employees. One of the solutions to this shortage of competent professionals is to tap into the Arab workforce and help Arab entrepreneurs (Schindler, 2017). The creation in 2008 of *Tsofen*, "a non-profit organization by Jewish and Arab high-tech professionals and economists who aspired to develop the high-tech sector in the Arab community as an economic lever and catalyst for shared society in Israel. In 2016, Tsofen won the Speaker of the Israeli Parliament's *Prize for Promoting Mutual Understanding between Jews and Arabs*. Tsofen operates in Nazareth and Kafr Qasim" (retrieved from "Tsofen"). These efforts should help alleviate poverty and further integrate the Palestinians into Israeli society. The results and effects of these new initiatives need to be also studied.

Another demographic this chapter did not address was the *Haredi* or Ultra-Orthodox Jews, another subculture in Israel comprising about 10 percent of the Jewish population of Israel. The *Haredi* differ from Orthodox Jews in that they believe that the key to maintaining strong adherence to Jewish law and custom lies in segregating themselves from modern society. For instance, they use the Hebrew language for prayer, but *Yiddish* (the vernacular of Eastern European Jewry for centuries) in everyday communication. Boys and girls are separated at school, and most of their education is based on religious scriptures. Women tend to marry young (via a *shidduch* or arranged marriage), have many children (over six, on average), and play a very traditional role in the family, staying at home and tending to the family. *Haredi*s avoid watching television and films and reading secular books and newspapers. Since the establishment of the state of Israel, the male *Haredi* has tended not to work, devoting himself instead to religious studies in schools known as *yeshiva* (seminary), and does not serve in the Israeli military. Due to these circumstances, the *Haredi*s tend to be poor, although the government gives them a monthly stipend.

Nonetheless, this part of society is in flux. The *Haredi*s are getting more vocational training, and there is even a start-up accelerator for Ultra-Orthodox entrepreneurs, KamaTech, established in 2013 (Times of Israel, 2018b). The role of Haredi women is also changing. There has been an increase of 30 percent in their employment rate since 2000 and calls for more professional studies (such as the Haredi College of Jerusalem) leading to more and different options for employment (laboratory sciences, music therapy, and psychology) have been voiced (Lidman, 2016).

As these two sectors integrate more significantly into Israeli society and particularly into managerial roles in the Israeli economy, understanding their cultural makeup and how this affects their negotiation style will gain salience. Only then will we have a full picture of business negotiation in Israel as a whole, a country where culture, religion, politics, and business regularly mix and intersect.

Final Thoughts

In this chapter, we have introduced the *Sabra*. The *Sabra* is stubborn, wants to get their way, cares little about etiquette and manners, and wants to get down to business. The determination needed to build a country almost from scratch, the persistence required to make a barren desert bloom, and the boldness of conviction necessary to stay the course in a harsh environment are all elements that can characterize *Sabras*. But the *Sabra* is also flexible and understands that their survival will depend on negotiating with friends and enemies. Against all the odds, Israel has become one of the most technologically advanced countries of the twenty-first century, one in which entrepreneurship and risk-taking are ubiquitous. In business, Israel has demonstrated the ingenuity to spill its military developments into high-demand civilian products and services. Companies founded by young men and women after they leave military service have profoundly affected the interaction between the private sector and government and have forever changed the country's business landscape. Although not always easy to deal with, Israelis are practical and pragmatic beings who will haggle and negotiate with the best of them to get what they want. They are tough negotiators, who develop and own products and services that everyone wants to obtain. They are Jewish Argonauts; they leave Israel for ventures on distant shores, yet Israel never leaves them. They are passionate beings who value friendships and enjoy a substantial negotiating challenge. Mixing strong negotiating skills with great products in an ever-globalizing world, Israel, a country of barely 8 million inhabitants, is well poised to continue as one of the most influential players in international business for decades to come.

Key Terms and Definitions

Aliyah: The Hebrew word *aliyah* translates as "elevation" or "going up." It is used to connote immigrating to the Land of Israel. Those who make *aliyah* are called *olim chadashim* (*olah chadashah* in the feminine singular; *oleh chadash* in the masculine singular). The term originates in the Book of Genesis in reference to the Jewish forefather Jacob's bones being brought from Egypt to what would be the Land of Israel: "And Joseph returned to Egypt, he and his brothers, and all who had gone up with him to bury his father, after he had buried his father." The Talmudic sages state that the Land of Israel is higher than all other lands in that the Holy Land is the most suitable place to relate and connect to the Almighty, and the primary location to lovingly engage in the observance of the ordained commandments (Source: https://www.chabad.org/library/article_cdo/aid/1584066/jewish/What-Does-Aliyah-Mean.htm).

Argonauts: Like the Greeks who sailed with Jason in search of the Golden Fleece, the new Argonauts—foreign-born, technically skilled entrepreneurs who travel back and forth between Silicon Valley and their home countries—seek their fortune in distant lands by launching companies far from established centers of skill and technology. Their story illuminates profound transformations in the global economy. Economic geographer AnnaLee Saxenian has followed this transformation, exploring one of its great paradoxes: How the "brain drain" has become "brain circulation," a powerful economic force for development of formerly peripheral regions. The new Argonauts—armed with Silicon Valley experience and relationships and the ability to operate in two countries simultaneously—quickly identify market opportunities, locate foreign partners, and manage cross-border business operations (Source: http://www.hup.harvard.edu/catalog.php?isbn=9780674025660).

Chutzpah: *Chutzpah* is a Yiddish (thirteenth-century middle-high German dialect used by the Jews of Central and Eastern Europe) word that means arrogance, impudence, gall, or audacity. *Chutzpah* is one of many Yiddish words that have been adopted into English and is included in English dictionaries (Source: https://www.myjewishlearning.com/article/chutzpah/).

Intifada: Arabic intifāḍa "an uprising" (literally "a jumping up as a reaction to something"), from intifaḍa "be shaken, shake oneself." The *intifadas* were two Palestinian uprisings against Israel, the first in the late 1980s and the second in the early 2000s. The *intifadas* had a dramatic effect on Israeli-Palestinian relations; the second, in particular, is widely seen as marking the end of the 1990s-era negotiation process and ushering in a new, darker era in Israeli-Palestinian relations (Source: https://en.oxforddictionaries.com/definition/intifada; https://www.vox.com/cards/israel-palestine/intifadas).

Jew: Any person whose religion is Judaism. In the broader sense of the term, a Jew is any person belonging to the worldwide group that constitutes, through descent or conversion, a continuation of the ancient Jewish people, who were themselves descendants of the Hebrews of the Old Testament (Source: https://www.britannica.com/topic/Jew-people). Since the Middle Ages, there have been three major groups of the Jewish People designated by the geographical areas from which they come: Ashkenazim (Central and Eastern Europe), Sephardim (descendants of the Jews from Spain who were expelled from Spain in 1492 and went to Turkey, Northern Africa, and Arab Countries), and Edot HaMizrach ("Eastern Communities," neither Ashkenazim nor Sephardim, from Persia, Ethiopia, Yemen, and Kurdistan, among other locales) (Source:

Dosick, 2007). These populations show significant amounts of shared Middle Eastern ancestry based on autosomal DNA studies (Source: https://www.nature.com/news/2010/100603/full/news.2010.277.html).

Kibbutz: A communal farm or settlement in Israel (Source: https://www.merriam-webster.com/dictionary/kibbutz). Mainly started in the 1920s, there are currently about 100,000 people living in 270 *kibbutzim* (Source: https://www.haaretz.co.il/misc/1.1207651).

Matzav: The Hebrew word *matzav*, or situation, used to be a fairly innocuous term for most Israelis. These days, however, if you ask about the *matzav*, there is only one situation in mind: The conflict with the Palestinians. The term used most often to describe the overall state of affairs is "*hamatzav*," or "the situation." "It's a word with a negative connotation," says Ruvik Rosenthal, language columnist for the Ma'ariv newspaper. "According to the dictionary definition, it's a neutral word. But in daily usage, it has a connotation of tension, sadness, problems" (Source: https://www.jta.org/2002/09/26/archive/what-israelis-talk-about-when-they-use-the-word-matzav).

Protekzia: It's a word that connotes the importance of connections, of having friends in the right places, and, sometimes, of blatant nepotism (Source: https://www.haaretz.com/word-of-the-day-protekzia-1.5202007).

Sabra: *Sabra* is a slang word, which became part of the official Hebrew language. The word is used to describe Jewish Israeli-born. The word *Sabra* came from the fruit (prickly pear) of the cactus plant, common in Israel. Why was this desert slant used in analogy with Israeli-born Jews? Because it implies on the perceived Israeli character: Stings on the outside, yet soft and sweet inside. *Sabra* was first used at the beginning of the Zionist movement. It served to idealize a new Jewish stereotype, as opposed to the exiled Jews (Source: http://blog.eteacherhebrew.com/traveling-in-israel/sabra-the-mythological-israeli/).

Silicon Wadi: The state of Israel is regularly called the tech hub of the Middle East or *Silicon Wadi* with "*wadi*" referring to the Arabic word for a valley or dry riverbed, also commonly used in colloquial Hebrew. It is an area with a high concentration of high-technology companies on the coastal plain of Israel, similar to Silicon Valley in the area of San Francisco, CA. This is the reason Israel is nicknamed the "Start-Up Nation" (Source: www.ebusinessforum.gr/old/content/downloads/Israel.pdf).

Shoah: Also known as the Holocaust, this was the systematic, bureaucratic, state-sponsored persecution and murder of 6 million Jews by the Nazi regime and its collaborators. Holocaust is a word of Greek origin meaning "sacrifice by fire" (Source: https://www.ushmm.org/wlc/en/article.php?ModuleId=10005143).

Start-Up Nation: A concept introduced in the 2009 book of the same name *Start-up Nation: The Story of Israel's Economic Miracle.*, The book addresses the question: "How is it that Israel—a country of 7.1 million people, only 60 years old, surrounded by enemies, in a constant state of war since its founding, with no natural resources—produces more start-up companies than large, peaceful, and stable nations like Japan, China, India, Korea, Canada, and the United Kingdom?" (Source: http://startupnationbook.com/).

Shtetl: A small Jewish town or village formerly found in Eastern Europe (Source: https://www.merriam-webster.com/dictionary/shtetl). A wave of pogroms or anti-Jewish demonstrations in Russian *shtetls* in 1880–1881 culminated in massacres in the early twentieth century in other countries of Eastern Europe and continued even after the Holocaust had ended (Source: https://sztetl.org.pl/en/glossary/pogrom).

Zionism: Zionism is Israel's national ideology. Zionists believe Judaism is a nationality as well as a religion, and that Jews deserve their own state in their ancestral homeland, Israel. Jews often trace their nationhood back to the biblical kingdom of David and Solomon, circa 950 BC. Modern Zionism, building on the long-standing Jewish yearning for a "return to Zion," began in the nineteenth century. Or, as Daniel Gordis (2017) so succinctly puts it in this book *Israel: A Concise History of a Nation Reborn*: "Zionism was about restoring the Jewish people to the cultural richness that a people has when it lives in its own ancestral homeland, speaks its own languages, charts the course of its own future." Arabs and Palestinians generally oppose Zionism, as the explicitly Jewish character of the Israeli state means that Jews have privileges that others do not. For instance, any Jew anywhere in the world can become an Israeli citizen simply by moving to Israel and requesting citizenship, a right not extended to any other class of person. Arabs tend to view Zionism as colonialism and racism aimed at appropriating Palestinian land and systematically disenfranchising the Palestinians that remain within the borders of today's Israel (Source: https://www.vox.com/cards/israel-palestine/zionism).

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11

Negotiating with Managers from Iran

Masoud Karami and Alan J. Dubinsky

Introduction

Research on negotiation in international business identifies differences among negotiation parties that influence the negotiation process (Gelfand & Brett, 2004). Cultural dissimilarities are of particular importance in international negotiations (Wang, Wang, & Ma, 2016). After all, different countries often exhibit cultural variances, thus creating the need for cultural sensitivity in international negotiations. As Carnevale averred (1995, p. 310): "National culture is perhaps the broadest social context within which negotiation can occur". As such, diverse cultural backgrounds lead negotiators to bring their own cultural predispositions into negotiation processes (Simintiras, 2000). Therefore, as Hofstede and Hofstede (2005) and Schein (2001) have suggested, managers should increase their understanding of other cultures to be able to communicate appropriately vis-à-vis their counterparts' cultures, thus assisting in fostering mutually beneficial relationships.

Sometimes a seemingly minor misbehavior regarding cultural differences can have serious outcomes. Therefore, possessing a fundamental working

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knowledge about your counterparts' language, customs, norms, history, and special cultural sensitivities is requisite. For instance, using strong words or aggressive negotiation tactics is unlikely to engender auspicious results with Iranian negotiators. After all, Iranians tend to adopt "soft" approaches in initial encounters. They prefer to develop a friendship in their business negotiations and get to know other negotiators in an endeavor to view them as trustworthy. However, they can reveal toughness and inflexibility if they feel threatened by counterparts. Iranians are thus unlikely to respond favorably to threatening behavior, but they are respectful of soft and friendly deportment.

In this chapter, we seek to describe Iranian culture and explain the influence of its cultural values on Iranian negotiators. We discuss the post-sanction Iranian economy and attendant opportunities. Our analysis is based on theory and germane secondary data (i.e., a review of the literature on international business negotiation, Iranian culture, and negotiation with Iranians), as well as on invaluable input from sales and marketing consultants, managers, and educators in Iran. Moreover, the first author's experience as a researcher and practitioner for a decade in the Iranian economy is used to enrich our discussion. We believe that garnering insights about Iran from *inside* the country is critically relevant (Karami & Wooliscroft, 2015), particularly as Schultz, Peterson, Zwick, and Atik (2014) have posited that Iran is an enigmatic political economy and marketing system. In fact, access to its vast and varied terrain for purposes of rigorous and thorough research of its markets and marketing system is difficult.[1]

We describe how personal relationships are important in developing business in Iran. The significance of trust building in choosing negotiation tactics (Elahee & Brooks, 2004) during cultivation of business with Iranian managers is also emphasized. We also discuss the importance of the founder of, and of top managers in, Iranian organizations, as well as the power distance in hierarchical organizations in Iran.

The chapter is divided into eight major sections, as follows:

- rationale for examining negotiations in Iran,
- description of Iran's post-sanction economy,
- importance of culture in international business negotiations,

[1] When attribution to extant work is not noted in the text, that particular portion of the text has been derived from the first author's experiences and/or discussions with sales and marketing consultants, managers, and educators in Iran.

- Iran's culture,
- organizational culture and governance in Iranian firms,
- Iranian cultural values and internal firm relationships,
- decision-making in Iranian companies,
- Iranian culture and business negotiation, and,
- discussion of managerial implications as well as future research implications for international business negotiations.

Rationale for Exploring Negotiations in the Iranian Context

Despite geopolitical concerns surrounding Iran, its social dynamism and impressive improvement in its current economic growth may well afford international companies abundant opportunities that were not previously apparent—or even possible. Iran is the largest market in the Middle East with a population that exceeds the combined total of all states in the Persian Gulf region (Dastmalchian, Javidan, & Alam, 2001). It is a geographical area that constitutes the world's 17th largest country and contains portentous oil (157,200 million barrels) and gas (33,721 billion cubic meters) reserves (OPEC, 2017).

Notwithstanding four decades of international sanctions, the country's economy is more diversified than that of other Gulf Coast countries, with a manufacturing capacity unrivaled in the region (MacBride, 2016). Additionally, the private sector in Iran is more developed than in North African countries (AON Risk Solutions, 2016). Although oil is very important to Iran's economy, it is not totally dependent on it (Hakimian, 2012). Iran has essentially returned to the global community owing chiefly to the Vienna agreement in 2016 (i.e., the Joint Comprehensive Plan of Action [JCPOA]), which lifted sanctions on Iran. It is now seeking economic growth through the development of non-oil sectors and foreign investment (World Bank, 2017a). Successful negotiation between Iran and the 5+1 powers who were their counterparts in the negotiation (which took over 12 years) leading up to the JCPOA is redolent of the significant role negotiation plays in Iran, irrespective of context (e.g., government, politics, business) (Zarif, 2017). Indeed, Donald Trump has noted: "The Persians are great negotiators" (Mediaite, 2017). Given the import of national culture in international negotiations, this chapter focuses on key issues of which foreign managers should be cognizant during their negotiating efforts in Iran.

Iran's Post-Sanctions Economy

Iran, with its unique characteristics—such as a sizable population, considerable fossil fuel energy reserves, four-season weather conditions, varied ethnic groups, and a critical geopolitical situation—has typically been a focal point of international society. This confluence of characteristics makes Iran's position strategically important in the region (global EDGE, 2017). To date, though, most attention, writ large, has been focused on the geopolitical arena rather than in the economic and managerial realm. Iran represents a Gordian knot in geopolitical affairs and an arcane market of more than 80 million consumers. It boasts a gross domestic product (GDP) of approximately US$ 412.2 billion (World Bank, 2017b), the second largest economy in the Middle East and North Africa (MENA). It comprises the second largest population in the MENA region after Egypt (World Bank, 2017b) and possesses the world's second largest natural gas reserve and fourth biggest oil reserve (US Energy Information Administration, 2018).

Sanctions imposed on Iran have had a marked impact on its economy during the past four decades. Despite these unfavorable conditions, though, an undeniable reality remains: There are numerous companies of various sizes and kinds (e.g., importers, exporters, manufacturers) that are active in the Iranian economy. Indeed, according to an IMF report, sanctions could not bring Iran's economy to its knees (Hakimian, 2012). After the signing of the JCPOA, a major shift in Iran's economy has occurred (Michaels, 2016). Post-sanctions Iran seeks to establish relationships throughout the world, particularly in hopes of marshaling investments in different economic sectors so that foreign investors will "resume their commercial ties with Iran" (Euronews, 2017). Iranian President Rouhani is pursuing extensive interaction with other countries as a national strategic policy (The Iran Project, 2017).

Iran has begun a comprehensive attempt to regain its lost market share in various sectors (Michaels, 2016). An analysis of the effects of sanctions' removal predicts that Iran's economy will experience a 3.7% increase in per capita welfare (World Bank, 2017a). The political risk of doing business in Iran has decreased remarkably (AON Risk Solutions, 2016), thus inducing foreign companies to enter the market. As reported in the *Guardian* in July 20, 2015: "After the Vienna agreement, European firms are racing to secure business opportunities in Iran". As noted by South Korea's former prime minister (who visited Iran in May 2016): "Iran can become a land of opportunity for many [foreign] firms" (The Iran Project, 2017).

Importance of Culture in Negotiation

International business negotiation is defined as mutual action between parties to establish boundaries in the scope of their joint business (Weiss, 1993). International negotiation is different from negotiations taking place in domestic markets. Negotiation with people from other countries entails considering many characteristics, such as dissimilar business practices, legal systems, labor laws, tax regimes, and cultural factors (Hurn, 2007). Culture—what we share with other people around us (Hofstede & Hofstede, 2005)—influences managers' mindsets (Ali & Amirshahi, 2002; Yeganeh & Su, 2007) and negotiation behaviors (Graf, Koeszegi, & Pesendorfer, 2012). Accordingly, it is a vital feature influencing negotiation processes (Gunia, Brett, & Gelfand, 2016).

Misunderstanding cultural differences during business negotiations can hamper successful negotiation outcomes. Although comprehending a counterpart's culture and traditions sufficiently tends to be challenging, being cognizant of differences between cultures is paramount (Ghauri, 1986). Cultural, geographical, and language distances—defined in the international business literature as psychic distance—can affect the flow and understanding of useful information between parties from dissimilar countries (Ellis, 2008; Vahlne & Wiedersheim-Paul, 1973). Language, as an important part of culture, can be a barrier to mutual understanding and affects communication and networking activities of negotiators (Marschan-Piekkari, Welch, & Welch, 1999). Thus, as Cohen (1999) suggested, implementing a cultural review before negotiations commence to avoid miscommunication (owing to lack of understanding of cultural sensitivities) is important. Through such analyses, business negotiators can hone their awareness of, and appreciation for, the other party's culture regarding the following (Hurn, 2007, p. 359):

- Cultural sensitivities, customs, history, and so on
- Communication style—direct or indirect;
- Relationship building, including "shared experiences";
- Decision-making style;
- Choice of negotiating language;
- Attitude toward time—monochronic or polychronic;
- Business etiquette and socializing;
- Importance of "face";
- Non-verbal signals;
- Attitude toward hierarchy, seniority, age, and professional status.

Considering the critical import of perceived psychological distance in international business negotiations, managers must try to understand counterparts' culture in order to be able to foster rapport and trust. Lin and Miller (2003) found that relative power (which is a matter of competition) and commitment to the relationship (which is a function of cooperation) flow from national culture and affect parties' negotiation approach. They also have impact on the trust-building process between parties during negotiations, which is a vital factor in fostering international business successfully (e.g., Johanson & Vahlne, 2006; Kong, Dirks, & Ferrin, 2014).

The significance of trust in negotiations has been considered in several studies (e.g., Butler, 1999; Ebner, 2016, 2017; Elahee & Brooks, 2004; Walton & McKersie, 1965). Without mutual trust, parties may feel that their counterparts might use their imparted information to their disadvantage or exploit them in the rest of the negotiation process (Ebner, 2017). For example, work has revealed that Indian culture leads Indian managers to have less trust in their international counterparts; this in turn reduces knowledge sharing between partners (Gunia et al., 2016). Chinese managers' cultural predisposition to assume competitive goals in negotiation fuels their reduced inclination to share information (Liu & Wilson, 2011). Trust, therefore, can play a vital role in coping with conflicting interests during the negotiation process. "A trust-filled environment might enable negotiators to contemplate the worst outcome of the process as being a mutually agreed upon 'no-deal,' which holds promise of a continuing relationship and possible future interactions, dictating cooperative behavior patterns in the negotiation process" (Ebner, 2017, p. 131).

Iran's Culture

Iranians are proud of their culture and expect others to display a high level of respect toward their history and culture (Khajehpour, 2017). Failure to comply with that expectation can pose formidable obstacles to building trust during negotiation processes. Indeed, "[a] deep feeling of pride in Iran's cultural heritage with Persian literature as its core element, and a consciousness of continuity in a long and distinctive history of the country—particularly, a belief in the ability of the Iranian people to survive recurrent periods of upheavals—have served as a cohesive force to resist and ultimately overcome divisive currents"[2] (Encyclopaedia Iranica, 2012).

[2] http://www.iranicaonline.org/articles/iranian-identity.

Iranian culture is a blend of the traditional and modern (Karami, Olfati, & Dubinsky, 2017). Iran, with an established identity ranging back over 2500 years (Ali & Amirshahi, 2002), is experiencing a transformation to a modern society, during which its cultural values are changing (Karami et al., 2017). Iran has encountered the modern age with "the legacy of a longstanding historical awareness and cultural consciousness of its identity" (Ashraf, 2012).[3] Modernity, confected with well-established Iranian culture, has created a traditional-modern identity.

Ethnic groups also play an important role in Iranian culture. Although Iran was known as "Persia" until 1935 and Persians comprise a majority of the population (World Factbook, 2017), there are other ethnic groups in Iran—such as Azeri, Kurd, Lur, Turkman, Baloch, Arab, and Turkic tribes. Each of these ethnicities has its own specific set of characteristics. Ethnic groups tend to have their own subcultures, which is also important to recognize (Dastmalchian et al., 2001).

Iran's transmogrification to a modern culture was accelerated during 1950–1970s, an epoch in which Iran had a close relationship with Western culture (Ali & Amirshahi, 2002). After the Islamic revolution in 1979, though, proverbial Islamic values gained momentum, and Iranians gravitated toward traditional values once again (Karami et al., 2017). A systematic literature review of Iranian cultural values produced a list of traditional and modern values. Family, respect, religion, spiritual reward, legitimacy, and traditions were predominant for *traditional* Iranians. Diversity, hedonism, ambitiousness, self-determination, and materialism were most relevant for *modern* Iranians (Venous, Azad Armaki, & Karami, 2011).

Iran, though located in the Middle East, is more similar to the South Asian cultural cluster—which consists of such countries as India, Philippines, Thailand, Indonesia, and Malaysia (GLOBE Project, 2004; Javidan & Dastmalchian, 2003). As such, Iranian cultural values emphasize performance orientation, assertiveness, future orientation, human orientation, institutional collectivism, in-group collectivism, power distance, and uncertainty avoidance. Hofstede's cultural dimensions model reveals almost identical results (Hofstede & Hofstede, 2005). For instance, if one compares Iran with Saudi Arabia and Vietnam, there is more similarity between Iran and Vietnam regarding power distance, femininity, uncertainty avoidance, and indulgence than with Saudi Arabia (Hofstede insights, 2017). Hofstede and Hofstede's (2005) cultural values survey identifies Iran as a country possessing a collectivistic, high power

[3] http://www.iranicaonline.org/articles/iranian-identity-iv-19th-20th-centuries.

distance, feminine, high uncertainty avoidance, short-term-oriented, and restrained culture.

Collectivism: This value refers to interdependency among people as members of a larger whole. In collectivistic cultures, individuals attend to their direct family and tribe. Relationship in-groups take primacy, and people keenly care about harmony inside their groups (Hofstede & Hofstede, 2005). Different factors foster Iranian collectivism, including "[k]inship and tribal bounds, ethnic and linguistic affiliations, religious and cultural affinities, local and provincial ties, and other communal allegiances"[4] (Encyclopaedia Iranica, 2012).

Power distance: This is defined as "the degree to which people expect and accept an unequal distribution of power in society" (Hofstede & Hofstede, 2005). In a society with large power distance, superiors are praised, power is preeminent, and children learn to respect seniors. Several factors contribute to large power distance in Iran. Family has an important role in Iranian culture. Iranians are in close contact with their parental families after marriage. Grandparents possess a large impact on their grandchildren in terms of transferring cultural values to them. In this familial arrangement, respect for senior members is mandatory. Everyone should respect older siblings, parents, grandparents, and uncles and aunts—*a la* filial piety. In return for this respect and obedience, parents provide extensive financial succor for many years. They pay for their children's higher education; similarly, if offspring cannot find a suitable job after graduation, parents maintain support and provide free room and board.

This respect system is indeed the basis for hierarchical relationships in the larger Iranian society. However, power dynamics in society at large is different from the family context. Although people appreciate strong superiors, they do not automatically obey them. Iranians tend to confront those who use power to constrain others in a relationship. In fact, family support plays a critical role in such dynamics. For instance, if a company threatens an employee with potential termination, that individual's family might well support him/her to quit the job and stay unemployed for some duration. Furthermore, many continuously try to improve their rank in society's power ladder. Consequently, there is a seemingly importunate struggle to gain enhanced power in other aspects of life.

Femininity: This value is the degree to which people embrace relationships and well-being of others (Hofstede & Hofstede, 2005). Iran is scored as a feminine culture in Hofstede's study. However, care should be taken in this

[4] http://www.iranicaonline.org/articles/iranian-identity.

regard. Iranians are somewhat feminine oriented in their immediate families and close relatives, as they manifest strong sympathy for weak members of the family. Also, they care about their extended family members. For instance, elderly members of families are often attended to by children, and younger members pay elders' living cost, healthcare, and concomitant expenses. Additionally, children are disposed toward allowing their parents and even grandparents to stay with them until they pass away.

However, in other aspects, Iranians are masculine. For Iranians, life in the home entails fathers dealing with facts and mothers with feelings; also, people admire the strong feeling that men should not cry and possess a religiosity that focuses on God (Hofstede & Hofstede, 2005). In the larger society, people care less about others' well-being. Rather, they value assertiveness, competitiveness, and materialistic achievement.

Uncertainty avoidance: Uncertainty is part of Iranian life. Specific conditions of the country—experiences of a revolution, war, and decades of draconian international sanctions—have impelled people to view life as rife with unpredictable events. According to Hofstede and Hofstede (2005), *uncertainty avoidance* is related to a society's tolerance for ambiguity. As an uncertainty-avoiding culture, Iranians regard ambiguity as a threat, causing them to feel stressed and anxious; facing ambiguity, they sometimes express aggressive or strong emotions (Hofstede & Hofstede, 2005). This perceived uncertainty can lead people to rely less on long-term plans and more on their gut feeling and intuition.

Short-term orientation: For *short-term-oriented* cultures, change is unwelcome, the past provides a moral compass, and adherence to the past is considered morally good (Hofstede & Hofstede, 2005). For Iranians, the past is important, as they are not acutely attentive to keeping up with changes. There is a bodacious Iranian national pride that is rooted in a long history. People respect religion in which they find absolute criteria by which to judge good and evil. Social obligations are important, and individuals seek to maintain their face. Also, Iranians care about their reputation and seek positive information about themselves. Therefore, giving and receiving feedback can be fraught.

Restraint: Finally, Hofstede's study has categorized Iranian culture as one that is *restrained*. For Iranians, life is hard, and duty instead of indulgence is the normal state of being. Therefore, people are expected to control and suppress impulse gratification. Accordingly, there are strict social norms that regulate most needs (Hofstede & Hofstede, 2005).

Religiosity of Iranians: Iranians are predominantly Muslim (99.4%), with 90–95% being Shi'ia Muslims (World Factbook, 2017); the majority are Twelver Shia (Athnāʿashariyyah). Iran is one of the few countries where the dominant population is Shi'ia Muslim (Saffari, Pakpour, Mortazavi, & Koenig, 2016), which makes Iranian identity different from other Muslim countries in the Middle East. Two factors have especially influenced Iranian identity (Encyclopaedia Iranica, 2017): *Shi'ite religion* (which dates back to the Safavid era) and *nationalism* (especially during the past few decades). Iranian identity fused to some extent with Shi'ite identity during the Safavid era to form a hybrid Iranian-Shi'ite identity. Henceforth, religion has played an important role in molding Iranians' identity (Encyclopaedia Iranica, 2017).

Shi'ite doctrine is based on five pillars. The first three pillars—belief in the unity of God, in the mission of Prophet Mohammad, and in the punishment and reward system in the hereafter—are common to both Shi'ia and Sunni Muslims and thus are considered as the pillars of Islam. The Shi'ite doctrine, though, has two additional pillars: The mission of Imams (the spiritual and political successors of Mohammad—the prophet) and belief in divine justice—which are considered as unique principles of the Shi'ite school of Islam (Encyclopaedia Iranica, 2017).

Religiosity can be conceptualized as the extent to which people believe and practice certain religious values and ideals (Putrevu & Swimberghek, 2013). It has important implications in Iranians' relationships with others (Khodayarifard et al., 2013). Scholars are exploring religion in Iran to ameliorate understanding of the implications of religiosity on cross-cultural communication (Ghorbani & Watson, 2006). Putatively, Iranian religiosity enhances individuals' self-concept and psychological well-being, owing to their faith in God (Frozanfar, 1991; Ghorbani & Watson, 2006). Reliance on God is omnipresent in every aspect of daily life, thus assisting Iranians to feel good and improve their psychological well-being (Bonab & Koohsar, 2011). This well-being engenders high self-esteem (Ghorbani, Watson, Saeedi, Chen, & Silver, 2012), which influences business practices.

Furthermore, Iranian religiosity leads to augmented self-compassion, which elevates both self-esteem and perceived health (Ghorbani et al., 2012). Enhanced perceived health increases entrepreneurial alertness and inclination toward launching new ventures (Ghorbani et al., 2012). Mirsaleh, Rezai, Kivi, and Ghorbani (2010) found that religiosity of Iranians has a positive association with job satisfaction. Another study revealed a linkage between quality of life, social support, self-efficacy, and Iranian religiosity (Saffari et al., 2016). Therefore, religion should be taken into account when negotiating with Iranian managers (Panahirad, 2017), as religiosity has been found to have an impact on Iranians' business practices (Karami, Olfati, & Dubinsky, 2014).

Iranian Organizational Culture and Governance

The vast majority of Iranian companies are family businesses (Amiri, Moghimi, & Tarjoman, 2013) and tend to be under the control of one person who acts as the key person in the organization. Even if there are board members, this individual is the de facto decision-maker, at least in major issues having financial consequences. However, there are varied types of governance in different industries in Iran.

A major part of the economy in Iran is focused on the Bazar—the most traditional segment. Companies in the Bazar are usually managed by one person, who is the founder and owner of the business. These individuals employ their children to perpetuate the business and hire outsiders merely as subordinates. Such firms have considerable sales revenue and are key importers. Chief Bazar-based industries include jewelry, tools, carpet, and nuts, among others. Alternatively, companies in modern industries—such as medicine, vitamin supplements, food, and software—are not found in the Bazar but are typically created by young, educated entrepreneurs. These firms usually have a board of directors, a CEO, and other features of modern businesses. A third type of firm, such as those in the automotive and petrochemical industries, is mainly state owned or under Bonyads'[5] control.

Hofstede and Hofstede (2005) asserted that the percentage of dispersed ownership is significantly correlated with individualism (or collectivism). In Iranian collectivist Bazar-based organizations, there is a long-term relationship between owner and employees, so that the owner acts as the master of employees and subordinates endeavor to learn his style of doing business. The link between individuals and their organization is long term by tradition; therefore, a hire-and-fire, as well as a buy-and-sell, approach is considered unethical. In modern firms, the relationship between the individual and the organization is calculative both for owners and for employees (Hofstede & Hofstede, 2005). Rational calculative relationships, which are related to ascertaining costs and gains in relationships, help parties prevent their blindly trusting others (Claro & Claro, 2008).

However, the new generation of firms is taking another avenue toward growth and survival. *Entrepreneurship* is considered a beneficial route for younger Iranians. Specifically, applying technology to establish new ventures has been a growing trend in the last decade. Brands such as Digikala and

[5] Bonyads are para-governmental foundations owning and managing a large number of firms in diverse industries and control a considerable part of the economy (Mellahi, Demirbag, & Riddle, 2011).

Snapp are examples of successful new launches founded by young, educated entrepreneurs and are quickly gaining traction. In fact, many Iranian youth—possessing good education and enhanced familiarity with global trends—harbor a global mindset, preferring to become entrepreneurs rather than serve as an employee in an organization (Zali et al., 2014). According to a Global Entrepreneurship Monitor (GEM) report, among 64 countries, Iran is ranked fifth vis-à-vis entrepreneurial intentions of Iranian businesspeople. Also, the perceived capabilities of Iranian businessmen are relatively high, ranking 15th among GEM countries (Global Entrepreneurship Monitor, 2017).

Hofstede's Cultural Values vis-à-vis Iranian Companies' Internal Relationships

Differences in power distance affect corporate governance. As noted earlier, Iran is a country with high power distance (Hofstede & Hofstede, 2005). Superiors and subordinates consider each other as unequal; the hierarchical system is based on this inequality. Organizations centralize power as much as possible in the hands of a select few, and subordinates expect to be told what to do. Salary systems evince a wide gap between the top and bottom levels of the organizational hierarchy, and blue-collar jobs have a much lower status than office work. Visible signs of status in Iran contribute to the authority of bosses (Hofstede insights, 2017).

In Iran's collectivist and feminine culture, which values relationships and well-being of in-group others, there is a preference for resolving conflicts by compromise and negotiation (Hofstede & Hofstede, 2005). However, in contrast to Hofstede and Hofstede's idea about work in feminine cultures, in Iranian organizations, small is not beautiful; people prefer to work in larger companies rather than in smaller organizations.

Owing to uncertainty and ambiguity (Hofstede & Hofstede, 2005), Iranian employees and managers seek long-term employment. Moreover, individuals opt to appear busy. Life is hurried, and time is money. Organizations are reluctant to innovate; also, employees feel constrained by existing rules and regulations (Hofstede & Hofstede, 2005). In short-term-oriented Iranian society, personal steadiness and stability discourage initiative, risk seeking, or flexibility (Hofstede insights, 2017). As a short-term-oriented culture, financial results of the past fiscal period are a major concern. Control systems focus on them, and managers are judged by them: "[…the cost of short-term decisions regarding] pecuniary considerations, myopic decisions, work process control, hasty adoption and quick abandonment of novel ideas" is evident. Managers are rewarded or victimized by today's bottom line, even where that is clearly the outcome of decisions made by their predecessors or pre-predecessors years ago (Hofstede & Hofstede, 2005, p. 218).

Decision-Making in Iranian Firms

Iranian companies take different approaches to their decision-making. Decision-making in Iranian firms can be considered in light of the power structure. In this vein, decision-making and strategy formation are an overt process of influence, emphasizing the use of power and politics to negotiate strategies favorable to particular interests. Strategy formation and decision-making in Iranian firms instantiate a political system in which strategies reflect the interests of the most powerful groups in the organization—mainly the founder and his/her family (Mintzberg, Ahlstrand, & Lampel, 1998).

In state-owned enterprises (SOEs), a planning approach is dominant in decision-making and development of a firm's strategy. In other words, SOEs use planning departments to derive plans for the long and short term. Also, they may employ outsiders, such as university professors or consultants, to aid in planning. Political considerations play an essential role in SOEs. However, strategy formation can entail bargaining and compromise among individuals, groups, and coalitions in disagreement. A critical factor influencing managers' strategic decisions in this context sometimes involves maintaining the current situation in the organization and achieving short-term results to prove managerial capabilities. Therefore, the process of decision-making strategy formation deals with creating coalitions, bargaining, and networking inside and outside of the organization. Institutional voids—the absence of a market and legal institutions to protect shareholders and support the business (Luo & Chung, 2013; Peng & Jiang, 2010)—result in a need for affiliation with political and powerful business actors for successful business outcomes (Mellahi et al., 2011).

Institutional voids lead Iranian managers to rely on personal networks (He & Karami, 2016). Interpersonal networks of different natures—including religious, family, ethnic, and political—cultivated by managers may serve as informal substitutes for formal institutional support (Peng & Heath, 1996). In other words, micro-interpersonal relationships among managers can be translated into a macro-inter-organizational strategy relying on networks and alliances to grow the firm (Ali & Amirshahi, 2002). The end result is a micro-macro link (Peng & Luo, 2000). Consequently, a network-based growth strategy is expected to be particularly viable (Hoskisson, Eden, Lau, & Wright, 2000) in Iran.

Decision-making in Iranian organizations can also be characterized as a process of social interaction based on the beliefs and understanding shared across organizational members (Mintzberg et al., 1998). Among other factors, cultural characteristics are especially descriptive of Iranian organizations. High power distance between owners, managers, and employees—as well as a sense of job insecurity, face saving, respect for the superordinate and elderly, uncertainty avoidance, and femininity—inhibits subordinates at all levels from engaging themselves in strategic issues. Face refers to status and dignity and has particular importance as a positive social value in Iran (Bucar, 2012).

Overall, different factors are influential in the decision-making process in Iranian organizations. At one extreme, this process becomes an instrument of an external power group, functioning as directed from the outside (Mellahi et al., 2011). Traditional sectors in Iran are dominated by such firms. Some businesses, though, rely completely on their own managerial and financial capabilities. That is, the core management, which tends to comprise a successful entrepreneur, crafts the plan and then dictates it to the rest of the organization. This process is especially applicable in small- and medium-sized enterprises. In fact, in such firms, the decision-making process is heavily reliant on the owners.

Iranian Culture and Business Negotiation

Iranian culture has its unique effects on Iranian managers. Iranian managers are influenced by traditional values of collectivism, past orientation, large hierarchical distance, mistrust, and conspiracy (United States Institution of Peace [USIP], 2017; Yeganeh & Su, 2007). According to Ali and Amirshahi (2002), *conformist*, defined as "sacrificial, has little tolerance for ambiguity and needs structure and rules to follow", and *sociocentric* values, defined as a "high need for affiliation and little concern for wealth", markedly affect Iranian managers (Ali & Amirshahi, 2002, p. 136). As such, the foregoing entails augmented emphasis on harmonious relationships and social-based emotions (Hofstede & Hofstede, 2005). As a high power distance country—which entails respect for superiors in the organizational hierarchy and centralization of power in firms (Hofstede & Hofstede, 2005)—subordinates are "highly sensitive towards social rules of defense and conflict avoidance, particularly when addressing those in a superior position within a social hierarchy" (Ward, Ravlin, Klaas, Ployhart, & Buchan, 2016, p. 1498).

Interpersonal propinquity and trust in negotiation: Iranian mangers are formal at the beginning of the negotiation process. Elapsing of time is requisite for Iranian managers to become closer with foreign negotiators. After closeness evolves, social and personal relationships develop that facilitate business negotiations. These also occur owing to uncertainty avoidance in Iranian culture; ambiguity is considered a threat, and people feel stressed and anxious in dealing with uncertain situations (Hofstede & Hofstede, 2005). Close relationships, though, can help alleviate such tension.

Iranian culture is a "low trust culture"; as such, people need to spend time and effort to gain each other's trust and confidence (Khajehpour, 2017). Iranians respect foreigners, yet they also have a deep suspicion of them (Elahee & Brooks, 2004). At the beginning of interactions, negotiators are considered strangers. For example, in the negotiation process of JCPOA, negotiations began only after both sides started to communicate affably and develop some sort of quasi-friendship. As such, "Iranian negotiators understood well what's been driving the U.S. president, and they have used the prospect of becoming *a friend* as their best bargaining card" (Gelb, 2015). As Iran's President Rouhani averred: "What we are after in the negotiations is to reach a win-win mutual understanding" (Shonk, 2018).

Cynosure in negotiation: The mindset of focusing intently on the other parties in negotiation is partially a function of Iran's collectivist culture. For Iranian managers, the relationship takes supremacy. Therefore, Iranian managers try to create a social and personal relationship to learn more about their counterparts and to build trust. The critical importance of making personal relationships and friendships with negotiators elongates the process of negotiation (Panahirad, 2017). Iranian managers focus more on the person with whom they are negotiating and less on the firm with which they are negotiating (Khajehpour, 2017). "This is comparable to the concept of *guanxi* in Chinese culture, which refers to interpersonal relationships that, for the [Iranian], are seen as crucial for facilitating smooth business transactions" (Tong & Yong, 2014, p. 42).

Climate in negotiation: Iranians can drive a hard bargain in negotiations. As mentioned by Ebner (2016), there are bargaining and non-bargaining cultures with different coping strategies in dissimilar situations. The level of trust between counterparts influences the likelihood of applying bargaining tactics by the negotiating parties (Elahee & Brooks, 2004). Iranian managers are assertiveness oriented, which means people in society or organizations are assertive, confident, and persevere in social relationships (Javidan & Dastmalchian, 2009). Owing to this feature (Javidan & Dastmalchian, 2003), Iranian managers tend not to accept pressure tactics and can respond aversely to them.

Power in negotiation: Given that there is a high level of power distance in Iranian society, organizations are highly centralized around the owner or the most powerful person (Hofstede & Hofstede, 2005), thus contributing to a lengthy negotiating process. This is partly because of the hierarchical structure of firms in which the owner or CEO makes the decisions (Hurn, 2007) and subordinates expect to be told what to do (Hofstede & Hofstede, 2005). As in high power distance cultures, higher-level managers in Iran are considered to be superior by their talent. Therefore, negotiators need to appreciate and give credit for Iranian managers' intelligence and power (United States Institution of Peace, 2017). Indeed, Iranian leaders seemingly have charismatic power over their employees (Globe Project, 2004). Accordingly, one must talk to the right person if s/he wants to conduct an effective and efficient negotiation process (United States Institution of Peace, 2017).

Communication in negotiation: As a collectivistic society, Iranians engage in high-context communication, which entails the proclivity for short, implicit messages instead of detailed, explicit messages (Hofstede & Hofstede, 2005). Consequently, Iranian managers' statements are pithy and indirect rather than focusing on every single detail (Khajehpour, 2017). So, negotiators need to suggest headlines for the negotiation agenda and try to agree upon them as soon as possible. In addition, although Iran has been considered a short-term-oriented culture, Iranian managers tend to develop long-term relationships with business partners and do not emphasize the use of written contracts (Essay UK, 2017).

Iranian business etiquette: Learning cross-cultural business etiquette is necessary to excel in international business negotiations. As a hierarchal, collectivistic society, Iranians care about titles and social status. As such, referring to the manager's official title is seemingly mandated. For instance, using the title "Dr." and the person's surname if the manager possesses a doctorate is de rigueur. In daily life, people do not call each other by their first name. Instead, they use titles accompanied by surnames. If they are close friends, they might only utilize the appellation. For example, at universities, academic staff generally refer to each other only as "Dr." (without a concomitant first and/or family name). Negotiators should be cognizant that if individuals have earned a doctorate from a well-known university in Iran, such recipients have considerable social status and should be accorded thus. Sometimes, even in families, people refer to each other by title—between parents and children and even between spouses. When in doubt regarding one's professional background, people may start a conversation with, "Excuse me, Mr. /Ms. Engineer…".

Hierarchical roles, formality, and time orientation in negotiation: Owing to the strict hierarchical structure of power relations in Iranian firms, only top managers are important people in international business negotiations. Therefore, business cards are only exchanged between higher-echelon organizational members and team leaders. Also, Iranian senior managers have their titles on their business card, so the other party should recognize the critical importance of knowing Iranian managers' titles for the duration of the conversation.

Iranian managers are formal in their attire and behavior during meetings and expect their negotiation counterparts to behave similarly (Khajehpour, 2017). Greetings are usually formal, and handshaking between men is part of business etiquette. Shaking hands with women in business negotiations, on the other hand, should be avoided. This is partly because of Islamic rules that prohibit handshaking with Muslim women. Iran is a polychronic culture, in which time is considered cyclical; so, time keeping is not strict and arriving late would not be unusual for Iranian managers. Indeed, in Iranian culture, *clock or objective time* is not considered a central issue, as people are more concerned with individual perceptions of time—referred to as *psychological time* (Bluedorn, 2002). Iranian managers are often engaged in several jobs concurrently and even may be involved in several conversations simultaneously (Hurn, 2007). Therefore, negotiators from monochronic cultures (such as Germans and North Americans) who are more concerned with clock time and are strict in time keeping should consider the difference in perception of time.

Ta'arof in negotiation: *Ta'arof* is another important etiquette feature in Iran. Beeman (1986, p. 59) defined *ta'arof as* "the active, ritualized realization of differential perceptions of superiority and inferiority in interaction". It reflects respect and politeness and entails acknowledging the other party through both verbal and non-verbal communication. Indeed, *ta'arof* plays a key role in public discourse in Iran "as it relates to moral authority, critique, and the preservation of culturally defined roles" (Bucar, 2012, p. 35). For instance, if one is invited to dine in a restaurant with Iranian people, Iranians permit the guest to enter the establishment first while holding the door for him/her. And after the meal has concluded, offering to pay for the guest's meal is regarded as polite.

Gifts in negotiation: As members of a collectivistic and feminine society, Iranian managers offer gifts (*hadiyah*) to their negotiating counterparts. Gift giving has a long history "as a vital component of administration in Iran and the Persian world" (Ashraf, 2016, p. 550). The Iranian tradition of exchanging gifts has been observed for millennia, as giving and receiving gifts had particular importance in ancient Iran (Wiesehofer, 2016). Bestowing gifts is considered polite behavior and can perceptually help individuals establish a closer relationship with foreigners. The economic value of the gift is of import;

a high price of the exchanged gift is redolent of the importance of the receiver. Iranians prefer to gift traditional Iranian handicrafts, such as handwoven rugs, kilims, ceramics and pottery, khatam, miniatures, silverwork, calligraphy, or unique products such as pistachios, caviar, and saffron. Regardless of their price, these offerings are culturally important for Iranians, so they expect their counterparts to show appreciation for the cultural aspect of their gifts.

Final Thoughts

As the Iranian political and economic landscape changes, opportunities abound for global companies and investors. The opening of the Iranian market has been an evolutionary process, developing through gradual but ultimately vast transformation in the domestic economy. On the one hand, some changes—such as the presence of foreign companies such as MTN and Hyperstar—have forced domestic firms to improve their competitiveness and enhance relations with other countries. On the other hand, the government has undertaken efforts to engage in privatization and other kinds of improvements to help local businesses internationalize successfully. There remain, however, major institutional obstacles facing foreign companies, which must be managed for success in the Iranian market. The situation in Iran is similar to what Child and Lu (1996) argued: Economic reform moves slowly because of material, relational, and cultural constraints (Hoskisson et al., 2000).

Iranian managers and entrepreneurs are markedly influenced by Iranian culture, as this is pervasive in all aspects of Iranian life. As a society which is inclined toward traditions and a long history on the one hand and which is struggling to keep up with modern trends in global society on the other, Iran has a unique cultural profile. Religion plays a critical role in Iranian culture, and almost every Iranian is religious to some degree. Most studies have classified Iran as a monolithic Muslim country, in line with other Arab countries in the Middle East. However, care should be taken in this regard. Although Iran is a Muslim nation, most of its population is Shi'ia Muslims, which are culturally different from the majority of Muslims. Islamic law, known as shari'ah, is a code that prescribes and governs the duties, morals, and behaviors of traditional business entities in Iran. Shari'ah dictates some obligations about buying and selling. Therefore, companies wishing to do business in Iran should be cognizant of Iranian Shiite ethical standards. For instance, treating Iranian managers with the utmost of respect, relying on their word, and not attempting to manipulate them are germane modus operandi. Similarly, foreign firms' representatives should mirror parallel kinds of behaviors (Karami et al., 2014).

Managerial implications for negotiation in Iran: With over 80 million potential consumers, a relatively small, but wealthy, upper social class, and a growing middle class, Iranians are eager to consume foreign-made products. Accordingly, firms interested in pursuing the Iranian market should consider cultural values in their communications when entering Iran's market. For example, managers in foreign companies must know that they are prohibited from using sexual blandishments in their packaging and advertisements. Therefore, they need to find alternative, creative, and culturally sensitive ways to communicate with Iranian society. Furthermore, they should pay keen attention to cultural values, such as collectivism, as well as the social identity of Iranians, in their communications.

In summary, potential entrants to the Iranian market should be vigilant about Iran's culture and informal institutions—such as social networks, verbal communication, and business mechanisms—that create a challenging, but promising, context in which to conduct business. Foreign negotiators would do well to do the following while negotiating with Iranian managers:

- Study the Iranian cultural background, including conducting a cultural review before commencing negotiations.
- Be patient and spend time building trust and mutual commitment by establishing personal relationships at an early stage.
- Be prepared for extended negotiations, or even renegotiations, after an apparent agreement.
- Refrain from use of high-pressure techniques during negotiations.

Future research on negotiation in Iran: Future research can consider factors of Iranian culture (e.g., language, social norms, and traditions) and their influence on successful market entry for international large and small firms. Subsequent empiricism could also focus on the importance of institutional voids and strategies for overcoming these phenomena. This might be useful to explain institutional voids in Iran and provide suggestions about how to improve the institutional situation in order to facilitate foreign investment and other forms of market development. Considering the importance of networking in the Iranian business environment, future work can explore networking in Iran at different levels—social networks, business networks, and political networks. In all of these research topics, negotiation and its importance should be considered.

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12

Negotiating with Managers from Pakistan

Muhammad Shujaat Mubarak and Navaz Naghavi

Introduction

Descendants of the great Indus civilization (2500–1500 BC), home of the world's first urban civilization, the base of Buddhism, and the foundation of the Mughal Empire, Pakistan is situated at the crossroads of Asia. Historically, the region where today Pakistan exists was considered the food basket of the Indian subcontinent. The state of Pakistan emerged after the partition of the Indian subcontinent in 1947 into the modern-day states of India and Pakistan. This occurred after the people of Pakistan demanded an independent homeland for the Muslims of the subcontinent. The country originally constituted of two parts, East Pakistan—present-day Bangladesh, which became independent from Pakistan in 1971—and West Pakistan—present-day Pakistan. Pakistan borders China and Afghanistan on one side and India on the other, stretching from the Himalayas down to the Arabian Sea.

At the time of independence in 1947, Pakistan had a highly agricultural economy with no industrial infrastructure. Various crops of foods, herbs, and seeds were raised and exported to the rest of the subcontinent. However, while

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the agricultural sector flourished, industrial infrastructure lagged far behind. The shortage of industrial and business infrastructure at that point can be demonstrated by the facts that, upon gaining independence, the entire country had only one cement company, a few textile factories, and no banks. After independence, the young country's policies focused on promoting industrialization. The government of Pakistan instituted the Pakistan Industrial Development Corporation. This organization established various manufacturing businesses which were sold off to private investors once they had reached maturity. These pro-industrial policies paid off, as the manufacturing sector saw double-digit growth in the 1960s. This rapid growth ceased, however, with the nationalization of key manufacturing industries in 1973, which gave the government authority to run companies according to its own policies and procedures.

National Culture of Pakistan

The culture of Pakistan is a profound fusion of the old subcontinent culture and Muslim culture. As mentioned above, the place where Pakistan is situated nowadays was home of the great Indus civilization and later the ruling place of the great Mughals, and one can very clearly see the impact of these cultures on Pakistan. As the country was established with the goal of setting up an Islamic state, Islam is to be seen in every aspect of culture. In some respects, Islamic culture has dominated the local culture. For a detailed cultural analysis, we've adopted Hofstede's cultural model to describe the Pakistani culture. Hofstede divided culture into six "cultural dimensions" for the purposes of analysis (Hofstede and Bond, 1988; Hofstede, 2011). Below, we describe each of Hofstede's dimensions in the context of Pakistan.

Power Distance: Power distance is a measure analyzing the way power inequalities are responded to by the society and exploring authority relations in the society. It examines the way power is divided and the degree to which this division is accepted (Hofstede, 2011). The employees in high power distance cultures accept power inequality easily and are considered more submissive. In low power distance cultures, unequal distribution of power is not accepted easily. The survey conducted by Hofstede shows Pakistani culture to be a high power distance culture. People are not only easily accepting power inequalities but, in some cases, they don't even raise their voice to oppose injustice. For example, despite clear corruption executed of government officials and some politicians, people rarely raise their voices against it. The same approach is visible in the business sector. In Pakistani organizations, the authority of the boss is rarely challenged and one who does challenge authority can face dreadful consequences. This state of affairs—which results in poor behavior going unchallenged—is rooted in culture and in economics. In Pakistani culture, children are taught from childhood not to raise their voice against elders (including those who are higher in position than them). Moreover, given the overall situation of the economy, people are aware that they cannot expect to easily find an alternative job. Combined, these causes dissuade Pakistani employees in lower and mid-level positions from challenging objectionable conduct of seniors. In Pakistani business culture, approaching top-tier managers for feedback or asking excessive questions to clarify business-related issues is discouraged. In short, the business format in Pakistan is largely based on an autocratic style of management involving high power distance (Islam, 2004). A very common tendency of Pakistanis is to prefer being a spectator to being a player. People avoid expressing their real feelings about things happening around them. A Pakistani would say they agree with you about a certain matter even if they actually disagree. It is very rare to see a Pakistani subordinate stand up to his or her senior if he/she is making a mistake. People consider it in their best interest to get closer to those in power, rather than to attain power themselves.

Individualism: Individualism examines the extent of independence of individuals. Individualistic cultures promote individual initiative, goals, and achievements emphasizing individual rights. Contrastingly, collectivistic cultures prefer family and group goals over personal goals. Pakistani society strongly leans toward collectivism. Pakistanis have profound belief in group cohesion and the highest level of loyalty to their in-group. It is a society where everyone remains willing to take responsibility for his/her group members. This is reflected in the fact that Pakistan falls among the countries with the highest dependency ratios. Normally, the entire family remains dependent on one or two members' income. Furthermore, Pakistanis not only feel proud to be a part of a large social circle but remain committed even to their extended families (Islam, 2004). Whether in urban hubs or rural areas, a person in Pakistan is an absolute part of several groups and his or her individuality is highly dominated by group memberships. In businesses, decisions are largely influenced by a group of managers at the same level, and decision-making through group consensus is highly encouraged.

Masculinity: Accepting rivalry and the extent to which one values monetary wealth, status, and material success is termed as "masculinity" in Hofstede's model. Highly masculine cultures emphasize monetary success and social recognition. On the other hand, feminine cultures tend to focus on harmony, care for others, and quality of life over monetary gains (Soares, Farhangmehr,

& Shoham, 2007). Feminine culture is more prevalent in Pakistan and people, in general, prefer family culture, living with family, and associated values. Nevertheless, with the emergence of the new millennium and with the technological revolution, Pakistani culture is becoming more masculine and people ascribe higher value to money and education. This shift from feminine to masculine culture largely owes its momentum to the growing middle class and increased global awareness. Presently, Pakistan is rated exactly in between masculinity and femininity, with a score of 50. This demonstrates a balance between monetary gains and cultural values. In the past, living close to family, staying connected to hometowns/villages, and joining family businesses were preferred choices for Pakistanis. Leaving one's family in search of opportunities was not common, as people ascribed higher value to living with family as compared with seizing opportunities. This approach is still prevalent in parts of rural Pakistan. Pakistan society's leaning toward a feminine culture, with its focus on relationship, leads to the suggestion that negotiators dedicate time to developing close personal relationships with Pakistani businessmen.

Uncertainty Avoidance: This dimension of Hofstede's model examines the extent to which people prefer to avoid future uncertainty. Pakistani society is characterized by high uncertainty avoidance (Bashir, Jianqiao, Abrar, & Ghazanfar, 2012). Pakistanis do not assume much responsibility for future developments (Hodgetts et al., 2006) and exhibit rigid codes of conduct regarding non-conventional behaviors and ideas. Studies like Bashir et al. (2012) reveal that Pakistanis focus on short-term gains and are not as capable at waiting for long-term windfalls (Mubarik et al., 2016). Conscious of its long history, Pakistani culture tends to be closed and to resist the induction of new ideas and novel approaches. For this reason, the pace of innovation in Pakistani businesses is very slow. Exhibiting high uncertainty avoidance behavior, most businesses prefer not to disturb their legacy processes even though others have adopted new processes that are clearly advantageous.

Long-Term Orientation: A culture's willingness to delay short-term gains or gratification in order to attain a better future has been dubbed "long-term orientation" by Hofstede. Societies with low long-term orientation prefer to maintain time-honored customs and values and do not accept societal change easily. Conversely, those who score high adopt a realistic approach, and encourage investment and perseverance in modern education as a pathway for preparing for the future. Pakistani society is short-term oriented, preferring short-term gain over the long term. This short-term orientation is evident in the customs, behaviors, and practices of Pakistani society. For example, it is very common in Pakistan to spend heavily—including taking on debt—on extravagant weddings. Short-term preference can also be seen in Pakistani business dealings.

The Business Environment in Pakistan

Many factors affect a country's business environment, including economic, social, political, technological, legal, and demographic factors. It is important to discuss Pakistan's growth trajectory in order to understand the present business environment of the country. Historically, Pakistan followed a highly unpredictable trajectory of economic growth. Whereas in the 1960s Pakistan's economic growth was in double digits, in the 1990s it was merely 2 percent. This unstable pattern is present even if one examines the last 20 years of growth. For example, comparing the period of 2013–2017 with that of 2008–2013, a substantial difference in growth pattern is evident. Similarly, the growth pattern of 2002–2008 is highly different than that of 2008–2013. Presently, the country's per capita GDP is 1468 USD. Comparing its per capita GDP with its potential, it is obvious that the country is far behind what could have been achieved. One of the key reasons for Pakistan's unstable growth and low per capita GDP is attributed to the lack of modern technologies for conducting business. The vast majority of businesses, in both the manufacturing and the services sectors, are using outdated and inefficient technologies which significantly raise their cost of doing business. Businesses generally attribute this dearth of modern technologies to the government. They claim that the government does not provide businesses low tariffs on the import of high-tech machinery and products. Another challenge that businesses presently face is the high cost of energy. A rough estimate shows that energy cost per unit in Pakistan is almost double as compared to India, Bangladesh, or Sri Lanka. To overcome the challenge of high energy costs, the government is developing economical energy-producing units.

The private sector plays a pivotal role in Pakistan's growth, particularly since the beginning of the new millennium. For example, in the first decade of the new millennium, the pace of privatization increased, as did deregulation and the opening of the economy to the outside world. Significant adjustments were made in the tariff regime providing incentives for the development of large-scale industries such as automotive, banking, telecom, and consumer electronics. The government also gave considerable room to the financial sector to participate in the process of industrialization by making choices based on market considerations. This policy, however, was unsuccessful in instilling the necessary confidence in entrepreneurs to stand on their own feet and deal with the changes occurring in the global economic system without government intervention.

One of the biggest problems Pakistan has faced ever since its inception in 1947 is its fiscal deficit. This deficit distorts all policy efforts the government undertakes. For example, in 2016 the government attempted to pursue an expansionary monetary policy to stimulate growth. That same year, the government's budget deficit grew due to insufficient tax collection and tax leakage. This resulted in a policy reversal; the government quickly changed its monetary policy to contractionary in order to borrow funds from banks for financing the deficit. These loans, taken from commercial banks at high interest rates, severely affected the industrial credit. Having lent the majority of their deposits to the government, banks had little to offer the industrial sector; this sector's struggle to receive finance eventually reduced the pace of growth. In order to offset these impacts, the government announced an export package of 160 billion in 2017. Presently, policymakers are pressuring the government to implement policy coordination, bringing trade policy, foreign policy, monetary policy, and fiscal policy into coordination with each other.

Despite these policy challenges, the geostrategic location of Pakistan and its deep relationship with China has enabled it to be part of its "One Belt, One Road" or "Belt and Road" (BAR) project. Presently, one huge part of BAR passes through Pakistan, known as the China Pakistan Economic Corridor (CPEC). It is anticipated that this corridor will bring opportunities for Pakistani businesses which, if properly capitalized upon, have the potential to reverse the situation of the economy. Given its strategic national importance, the government of Pakistan is committed to complete the CPEC and has tied its hopes to the success of this project. This project has windfall opportunities for both foreign and local investors if businesses can compete on a level playing field. In past endeavors, security has always been a big challenge for businesses operating in Pakistan. However, continuous efforts of various state institutions have succeeded in bringing terrorism in Pakistan to a halt. To summarize the current economic environment, it would seem that the inflow of Chinese investment and conducive government policies are providing good opportunities to invest in Pakistan.

Pakistani Mind-Set, Negotiating Styles, Strategies, and Techniques

In this era of high-tech information transfer and globalization, cross-border business negotiations are an everyday affair. Owing to intercultural complexities, cross-border negotiation is a challenging endeavor. Established culture impacts the way a negotiator from that culture acts in the process of negotiation. Cohen (1997) noted that the existence of cultural elements may result in ambiguous discussions, unnecessarily extended interactions, and generally frustrating negotiations. Against this backdrop, understanding cross-cultural negotiation patterns can help negotiators formulate their communication strategy more effectively. Understanding the negotiation style of one's counterpart not only helps to plan for a negotiation, but also provides a competitive edge throughout the process. Likewise, culture affects the style which a negotiator adopts and their strategy of negotiation (Neuliep & Johnson, 2016). Negotiation styles have been categorized into five major types, based on their mix of assertiveness and cooperativeness. Figure 12.1 demonstrates the five prominent negotiation styles.

Competing managers *strive to pursue their own interests by exhibiting assertiveness. Such professionals focus more on substance rather than relationship.*

Accommodating negotiators *prefer relationship to substance. Such negotiators exhibit a high level of cooperativeness to reduce differences and to agree on mutually agreed deals.*

Avoiding negotiators *also show less assertiveness and tend to be more apprehensive while negotiating. Avoiders do not immediately pursue their own or the other party's interests. Unlike accommodators, avoiders remain indifferent in the choice between relationship and substance.*

Compromising negotiators*, by demonstrating a medium level of assertiveness and cooperativeness, try to reach a moderately satisfying solution. Such negotiators value relationship and substance equally.*

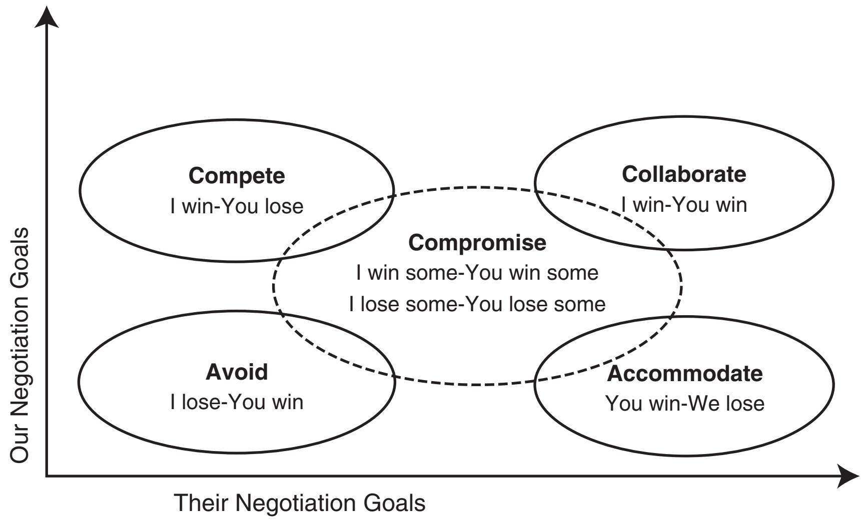

Fig. 12.1 Negotiation styles based on the mix of assertiveness and cooperativeness. Adapted from "Conflict and conflict management" by Thomas K.W., 1976

Collaborative negotiators *demonstrate a high level of honesty in negotiations and strive to reach a mutually satisfying conclusion. Such managers prefer to maintain long-term relationships.*

The literature on Pakistani negotiators (e.g., Harkiolakis & Halkias, 2016; Rammal, 2005) shows that Pakistani negotiators tend to follow an accommodating negotiating style, followed by the compromising, collaborating, avoiding, and competing styles, respectively. This suggests that, in general, Pakistani negotiators will adopt an accommodating negotiation style during their business negotiation while interacting with foreigners. Adopting this style is grounded in the aforementioned cultural roots of Pakistani society as being a high power distance and collectivistic society. Pakistanis are taught to adjust and mold themselves in a way that complies with group behavior and with those with high power status.

Further research (e.g., Katz, 2006; Rammal, 2005) shows that Pakistani negotiators openly share information and make concessions. Abbasi et al. (2017), comparing 150 Pakistani and Chinese business negotiators, concluded that while negotiating with the Chinese businessmen, most of the Pakistani negotiators made excessive concessions and did not protect their interests. Most of the deals reaped average value to the Pakistani negotiators, whereas their Chinese counterparts attained high value. Abbasi and colleagues concluded that Pakistani managers were unskilled at negotiating with competitive negotiators, and recommended that Pakistani negotiators work on improving their competitive negotiation skills. On the other hand, the tendency of Pakistani negotiators to pursue an accommodative course of action is beneficial to them in the sense that they successfully maintain a long-term relationship with their clients and suppliers.

While negotiating with Pakistani business professionals, the following research-based issues are essential to keep in mind (Ali & Ahmad, 2016; Naveed, Qayyum, Ahmad, & Adnan, 2016; Noor, Khalfan, & Maqsood, 2013; Shah, Khan, & Khalil, 2011):

Information Sharing: Despite being highly accommodative, Pakistani negotiators do not fully share complete and true information, out of concern that this will provide their counterparts a competitive advantage or that it will be used against them. They often use other deceptive techniques such as showing themselves to be uninterested, conveying misleading nonverbal messages, and even telling outright lies or molding facts to suit them. Therefore, treat information shared with you by a Pakistani counterpart as helpful input requiring verification, rather than solid information that you can rely upon.

The Pace of Negotiation: Business negotiations in Pakistan follow a slower pace than elsewhere, and are sometimes excessively prolonged. Several meetings and gatherings are required before reaching any workable conclusion. While negotiating with Pakistani businessmen, you must be patient, keep hold of your emotions, and expect delays to occur. Any attempt to speed up the process might be perceived as offensive. This issue of pace is particularly frustrating, as it ties in with another cultural aspect of Pakistani negotiators: They will not tell you, straightway, "NO" if they are not interested in a deal. Even if they have decided to walk away, they only do so after a drawn-out process. Therefore, you must keep your attention focused when you encounter a delay, to try to determine whether your counterpart is engaged or is not really in the game anymore.

Bargaining: Despite being accommodative negotiators and relationship-oriented, Pakistani business professionals are very sharp and tough negotiators. They often give very high priority to the price, and price plays a decisive role in converting an offer into a final agreement. The significance of the price is demonstrated by the fact that, recurrently, support services are compromised in the interest of attaining low price. Owing to the paramount importance of price, it is unadvisable to make major concessions in the early phase of negotiations. Working with Pakistani negotiators, it is common for your counterpart to profess limited authority with regard to sharing information or extending a concession. Sometimes, this is actually true; other times, it is a tactic used to gain an advantage. In Pakistani culture, "final offers" are not considered final. Therefore, putting pressure on a Pakistani negotiator through emphasizing that this offer is final can be counterproductive. Viewed through their own perspective, they will see it as a pressure technique, which hints at an unwillingness to have a long-term relationship. Since Pakistani culture in general and businesses in particular avoid acting aggressively or confrontationally, they view such techniques negatively when their counterparts enact them.

Decision-Making: Most Pakistani companies, regardless of their size and type of business, have hierarchical organizational structures. Most of the authority lies with the upper level of the hierarchy, and employees prefer to work through the properly defined chain of authority. This hierarchal format often confounds quick decision-making. Owing to the high power distance culture, juniors are expected to agree with their superiors' opinion without any criticism. Decision-making is conducted at the upper level, with or without consultation with junior- or middle-level management. As authority is rarely delegated to junior managers, strive to engage with senior counterparts. Usually, top decision-makers do not rely upon rules nor do they apply any universal principles in their decision-making. Instead, they prefer contextual and situation-specific factors. As a result, personal experience, feelings, and intuitions have a higher significance than facts or data. Since Pakistanis are by and large risk-averse, it is very important to support and comfort them as you persuade them to agree to a risky decision.

Strengths and Weaknesses of Pakistani Negotiators

Strengths

Relationship-Oriented Attitudes: Since their primary negotiation style is accommodative, most Pakistani negotiators value long-term relationships and attempt to find win-win solutions. While negotiating, they show respect to their counterparts and avoid direct conflicts. Businesses seek a relationship to work as a catalyst in case of disputes in negotiation. Even as you work to persuade your counterpart, be cautious with actions that could be interpreted as a lack of interest in a long-term relationship.

Analytical Approach: We've noted Pakistani negotiators' skill at analysis. Note that even if they comprehend their counterparts' objectives, Pakistani negotiators may hide this comprehension. Therefore, while negotiating with Pakistanis, do not underestimate their ability to analyze. Pakistanis can figure out the flaws in their counterparts' arguments while listening to them, and use these flaws as bargaining tools.

Street Smarts: Pakistani businesses have highly hierarchical organizational arrangements with decision-making powers controlled by the Chief Executive Officer. The CEO is often the owner of the business, known as the *seth*. *Seths* join their family business at a very early age and work their way up. By the time they reach the decision-making level, they know their business inside out, in the most hands-on, practical way imaginable. Such street smarts, and understanding of the nuts and bolts of the company, provide them with a competitive edge in negotiation. Remember that even if the *seth* you are dealing with seems relatively young, this does not reflect inexperience; Pakistanis begin to work at a very early age and your counterpart might easily be far more experienced than you imagine.

Practical Approach: While the majority of Pakistani negotiators do not have academic backgrounds, they are very practical and expert at their job. Recently, the number of negotiators with academic backgrounds is increasing.

Communication: Pakistani businesspeople can speak English quite well but most of them don't understand idioms, slang, or technical jargon. They speak in very gentle, friendly, and respectful tone while interacting with foreigners, irrespective of their origin. Communication is conducted in a serious tone; smiling, cracking jokes, and laughing are considered inappropriate and, at times, offensive. This serious, respectful, and candid negotiation style helps Pakistani negotiators develop affinity with their counterparts.

Weaknesses

Indirect: One of the major weak points of Pakistani negotiators is their indirect way of communication. The use of complicated language is common, and you must read between the lines to understand your Pakistani counterparts. A direct "no" is considered very offensive. Therefore, negotiators choose very indirect and sometimes confusing ways to say "no." The phrase "let's see" is often used, and most of the time this means "no." Delaying tactics—such as postponing a meeting to a future date—might also indicate a "no." Finally, silence in response to a question or request often means a negative response.

Prolonged Negotiation: Like their Indian neighbors, Pakistanis prolong negotiations excessively. This entails high transaction costs, financially and emotionally. Prolonged negotiations are considered as part of the negotiation DNA of South Asians, and are often attributed to their cultural background. It relates to their approach to time, their quest for a relationship, and the high power distance which limits their ability to commit to a deal on the spot.

Polychronic Attitude: Since Pakistanis have a polychronic approach to time, arriving late or canceling a meeting is considered normal. Similarly, Pakistanis take a holistic approach to conversation, and jumping forward and backward between topics rather than addressing them sequentially is common. This style can be irritating and confusing for negotiators from strongly monochronic cultures such as Germany, the USA, or Canada. Therefore, it is strongly suggested for monochronic background negotiators to be prepared for such situations. While writing these lines, my phone chirped with a reminder to attend a meeting with industry/academia professionals to discuss advancing research in Pakistan. I immediately packed up my things and rushed to the meeting venue. The meeting was planned at 2:30 pm and I arrived just in time. To my surprise, only one person was sitting in the meeting hall. It was only upon a second thought that I remembered that this is normal and that there is no need to be angry. The meeting eventually began at 3:00 pm.

Patriotism and Religious Sensitivity: Pakistanis have a high level of national pride. Saying anything against their country or national ideology could raise their ire and even cause them to withdraw from the negotiation. This could be the case even if you said nothing but good things about Pakistan—but your country's leader expressed an anti-Pakistan or anti-Islamic sentiment at the wrong point in your negotiation.

Unstructured Negotiation: Pakistani negotiators do not follow any structured negotiation sequence; moving toward and then away from the objective is very common. Any attempt to directly confront this back and forth attitude may be perceived as offensive. Therefore, it is very challenging and requires delicacy to keep Pakistani negotiators focused on the finish line.

Lack of Preparation: One of the major weaknesses of Pakistani negotiators is their tendency to avoid preparation activities such as solicitation and evaluation of multiple supplier proposals, or forming a negotiation plan. For the most part, they prefer to "wing it," negotiating spontaneously. This can work in your favor. One practical recommendation in this regard is to always highlight the attractive parts of your proposal and your company during the negotiation process irrespective of any material you've sent ahead of time in writing. You always have an opportunity to impress your counterpart, and convince them, at the table.

Lack of Commitment: Due to culture, internal and external constraints, and informal business setups, Pakistani negotiators may not completely live up to their commitments. One reason for this is their tendency toward over-commitment. Even if a Pakistani organization does not have the capacity to meet a specific order, they will still enter an agreement to supply the order without any hesitation. While consulting to one Pakistani textile exporter, I observed that they were taking orders that were double their capacity to provide. To fulfill such orders, they implemented an array of ad hoc measures without any planning. I asked one of the directors why they accepted orders beyond their capacity. He simply replied, "How could I let a customer go, who has come to my doorstep?" Although my reply was that it's better to simply refuse than to break your commitment later on, he did not agree. In short, while negotiating with Pakistani businesses, verify their capacity to provide that which they commit to. Another, related, thing to keep in mind is the importance of verifying your counterpart's legal status, major sources of revenue, ownership structure, operation, and capital assets financing. You don't want to go through a lengthy process only to discover (as some foreign negotiators have!) that the company was unauthorized to deal in that line of business in the first place.

Best Practices for Negotiating with Pakistani Managers

Pre-negotiation: Before initiating business negotiations in Pakistan, it is highly advantageous to identify and engage a local intermediary. This person will help bridge cultural and communications gaps, allowing you to conduct business more effectively. Don't go overboard with compiling staff, though; negotiations in Pakistan should preferably be conducted by individuals rather than teams (Katz, 2006).

During Negotiation: Since Pakistani negotiators are strongly relationship oriented, use of emotional techniques can assist you to achieve better outcomes. An emotional expression such as showing your concern for your counterpart, as well as more generally developing personal relationships or friendships can be significantly beneficial while negotiating with Pakistanis. Avoid overly direct language, as this may put your counterpart off. Relate to Islam and Pakistan positively. Take an extreme position at the beginning of a negotiation. And then gradually make concessions as the relationship with your counterpart develops. However, even as you express an extreme position, avoid any type of relationship-challenging threat or harsh statement.

Post Negotiation: Capturing and exchanging written understandings after meetings and at key negotiation stages is useful, since oral statements are not always dependable. Never mistake interim commitments for a final agreement. Any part of an agreement may still change significantly before both parties sign the final contract. Although most businesspeople in Pakistan understand the role of contracts, they may view them only as general guides for conducting business, expecting both parties to be willing to change terms if there is a change in circumstances. Written contracts tend to be lengthy and often spell out detailed terms and conditions for the core agreements as well as for many eventualities. Multiple signatures may be required on the Pakistani side. Nevertheless, writing up and signing the contract is a formality. Pakistanis believe that the primary strength of an agreement lies in the partners' commitment rather than in its written documentation. Although your legal rights may not always be enforceable, it is strongly advised to consult a local legal expert before signing a contract. However, do not bring your attorney to the negotiation table, since this may be taken as a sign that you do not trust your counterparts.

Final Thoughts

Pakistan is a country with a long history and a unique culture. Present-day Pakistan has a strong industrial infrastructure, and its overall business environment is becoming quite beckoning for foreign businesses, even if it still remains far from ideal. In dealing with Pakistani negotiators, you will find them to be tough negotiators yet very respectful to their counterparts. Their major strength lies in their orientation toward relationship development, strong analytical skills, and street smarts. Generally, Pakistani business managers and negotiators speak English quite well, and adopt an implicit and indirect way of communication. Sometimes, their implicit way of communication creates confusion regarding business deals and needs. Another challenge is their polychronic approach to time, leading to less punctuality, extended meetings, and less adherence to agendas. On the whole, though, Pakistani people in general, and Pakistani businessmen in particular, have a very respectful attitude toward foreigners, and do their best to entertain guests with lavish dinners, cultural shows, and so on. Dealing with them will cause you to appreciate the progressive, prosperous, and positive mind-set of Pakistanis. As a foreign businessperson going to Pakistan for negotiations, you will definitely enjoy the etiquette of hospitality in Pakistan.

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13

Negotiating with Managers from Germany

Andreas M. Hartmann

Introduction

This chapter describes the way business is conducted in Germany and how Germans typically negotiate. The importance of the topic stems from the leading role that Germany plays within the European Union (EU) and its status as one of the most important trading nations in the world. German products that are exported worldwide include vehicles, machinery, industrial installations, specialty chemicals, and agricultural and food products. On the other hand, thanks to its general wealth and potent manufacturing base, Germany is an attractive market for both consumer products on the one hand and commodities and other upstream products on the other.

People attempting to do business with German individuals and organizations will encounter a highly developed commercial system with a well-defined set of written rules and cultural habits. Success in such endeavors depends to a large degree on knowing how to deal with the German way of conducting business. This chapter offers a comprehensive overview of how to negotiate with the Germans.

The starting point of this chapter is an overview of Germany and its position in the world, which is followed by a discussion of how German culture compares to other national cultures according to several studies of cultural

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dimensions, notably those carried out by Hofstede, the GLOBE, and the World Values Survey project. The next section, entitled "Discussion of the General Business Environment" expands on the general business environment as well as the interplay between business and politics in Germany. The section entitled "National Preferences for Resolving Differences, Disputes, and Conflicts in Business, Politics, and Personal Life" provides some generalities regarding the Germans' preferences with regard to resolving differences, disputes, and conflicts. The section entitled "A Review of the Literature on the German Negotiation Style" looks at a set of studies on German negotiation behavior, compiled from both books for practitioners and academic studies. This is followed by a section analyzing the strengths and weaknesses of German negotiators, and a discussion of exceptions to the national business culture, notably subcultures, contextual differences, and change processes. Finally, the section entitled "Best Practices for Negotiating with Managers from Germany" presents some practical advice for negotiating with managers from Germany. The chapter ends with some conclusions concerning the generalizability of these concepts.

Country Background Analysis

Germany is a country with rich cultural history. For several centuries, it has played a significant role as a home to scientists, engineers, and entrepreneurs. As of 2017, 107 Germans had been awarded Nobel prizes, making Germany the third recipient country after the USA and the UK. Even if Germany's relative importance as a center of science has declined since World War II, ten German universities are ranked among the world's top 100, although none is among the top 25 (Times Higher Education, 2017). Germans have written a significant part of Western classical philosophy and classical music. German companies have a worldwide presence in the automotive, mechanical, chemical, and banking industries, not just as multibillion behemoths but also among the so-called hidden champions that provide specialized goods for a worldwide market.

Through a political history oscillating between violent cataclysms and peaceful cooperation, Germany has always exerted significant influence on its European neighbors. While, today, Germany is considered to play a significant positive role within the EU, the Nazi period with its bloody warfare and millionfold acts of murder and inhumanity committed throughout Europe—including the Shoah—remains very much present in the memory of many European nations. As opposed to other European countries such as Spain, Britain, and France, however, Germany's colonial empire was relatively small and short-lived, so outside of Europe, the vehicles for German influence have been mostly peaceful emigration (notably to the Americas), science and engineering, and commerce. A study carried out in 21 countries found that 56% of respondents held a mainly positive view of, and only 16% held a mainly negative view of, Germany's influence in the world (BBC World Service, 2012).

As of June 2016, Germany had 82.3 million inhabitants, including 8.7 million foreigners and 18.6 million persons with a migrant background (Destatis, 2017a). Like many other developed countries, German population dynamics have exhibited low birth rates for several decades, while simultaneously attracting immigration from countries with lower levels of development, although "currently high immigration cannot reverse population aging" (Destatis, 2017b). Furthermore, similar to other European countries, the rise of xenophobic tendencies could curb immigration, especially from Middle Eastern and African countries, further exacerbating the problem of a top-heavy population pyramid, with an increased burden of expenses for the elderly and an insufficient supply of workers among the younger generations. On the other hand, the level of education is outstanding; for example, Germany shares the 14th rank in the 2015 PISA study for science with the UK and the Netherlands (cf. World Bank, 2017).

Germany is one of the founding members of the EU, and many of its economic policies are determined in Brussels and Strasbourg, rather than in Berlin. Within the EU, persons, goods, services, and capital may circulate freely, which has contributed significantly to interlocking economic structures as well as to people and goods seeking their place within other EU member countries. Germany shares a common currency—the Euro—with another 18 countries. Its military command structure is integrated into the US-dominated North Atlantic Treaty Organization. On a worldwide scale, Germany is the third-largest exporter and has been running a trade surplus since 1952 (Destatis, 2017c). The amount of this trade surplus (over 8% of GDP in 2016), which is based on a combination of high-quality products, a favorable exchange rate, relatively low wages, and governmental thrift, has created an imbalance in the world economy that draws criticism from many countries (cf. The Economist, 2017, July 8).

National Cultural Analysis Based on Theories of Cultural Dimensions

This section uses a series of multi-country studies to present the values held by German people as compared to other countries. As a caveat, one needs to keep in mind that all these studies deal with high degrees of abstraction; they presume to arrive at general statements while relying on rather small samples, which always imply the risk of non-representativeness. However, absent other more reliable data, the selected studies contain the best information available.

Geert Hofstede (2001) introduced a model of systematic comparisons between national cultures based on self-reported attitudes, which remains the most widely cited approach in cross-cultural studies even today, more than 30 years after the original study was published (cf. Hartmann, 2012). Based on data collected within one company in the 1970s and updated continuously, Hofstede found Germany to be relatively low on power distance (scoring 35 compared to a 78-country average of 59). That would suggest that most Germans tend to treat people equally, independently of their hierarchic status. Germany's relatively high score on individualism, as opposed to collectivism (67 compared to an average of 45), would suggest that in most situations, people are expected to take care of themselves individually instead of looking out for group interests. Additionally, Germany's high score on masculinity, as opposed to femininity (78 compared to an average of 49), would suggest that most people focus on material rather than spiritual matters. Finally, Germany scores close to the average in uncertainty avoidance (65 compared to an average of 68), suggesting that people's attitude toward risk-taking is rather neutral (scores retrieved from Hofstede, n.d.). While interesting in themselves, one needs to remember that the high degree of abstraction of these dimensions do not allow for precise translation into specific behaviors one can expect to encounter, and one should avoid the "ecological fallacy" of inferring from national averages to individual characteristics.

The studies building on Hofstede's research model have all reported averages of responses, which masks the crucial question of how much deviation from mainstream values exists and is tolerated within each national society. An interesting finding in this respect is provided by Gelfand et al.'s (2011) study of tightness and looseness within national cultures. According to that study, the Western German sample scored very close to the average of 33 nations, while the Eastern German sample exhibited a slightly higher degree of tightness. Thus, the pressure on the individual to conform to societal norms and expectations is in the medium range, located between authoritarian and libertarian attitudes.

One of Hofstede's (2001) main claims is that the values detected through these studies remain constant over time. To establish the degree to which this claim holds for Germany, one can use the results of the World Values Survey (WVS, www.worldvaluessurvey.org), from which the latest four waves of data are available for Germany, with Wave 3 being collected between 1981 and 1984 and Wave 6 between 2010 and 2014 (Wave 7 was being analyzed at the time of writing of this chapter). According to the WVS, Germany has always been located in the cluster of Protestant Europe, together with Switzerland, the Netherlands, and the Scandinavian countries, although in some periods, it has been very close to the cluster of Catholic Europe, which makes sense given Germany's traditional makeup as a country split between Lutherans and Roman Catholics. The WVS characterizes Protestant Europe as high on secular-rational values (as opposed to traditional and religious values) and high on self-expression instead of survival values. These data correspond to Hofstede's claims about low power distance and high individualism. Still, according to the WVS, secular-rational and self-expression values became more marked until 1999, and then diminished until 2003, when self-expression values stabilized while secular-rational values kept diminishing in favor of traditional values. This data can probably be imputed to demographic shifts in Germany that occurred over the last two decades of the twentieth century: First, united Germany incorporated cohorts educated under Communism in the East. Then, the increased relative weight of the older generations coincided with more conservative attitudes.

Finally, the GLOBE study (House, Hanges, Javidan, Dorfman, & Gupta, 2004) presented itself as an improved version of the Hofstede (2001) paradigm, a continuation in some aspects and a disruption in others. Instead of Hofstede's four dimensions, GLOBE collected data on nine. Most significantly, the GLOBE study looked both at observed behavior ("as is") and at desirable values ("should be"), with marked differences between the corresponding scores for each dimension. Maseland and van Hoorn (2009) even found negative correlations between the sets of scores, explaining the difference as "marginal preferences", that is, the more the value was found lacking in practice, the more highly it was emphasized in theory. This debate puts a question mark on all studies stemming from the Hofstede paradigm: What good are values if people do not act upon them? With slight differences between the East German and the West German subsamples, GLOBE found that German observed behaviors fell within +/−25% of the median value of 61 countries for the following dimensions: power distance, future orientation, performance orientation, and gender egalitarianism. In other words, Germans typically respect hierarchy, put effort into work, plan ahead, and discriminate against women to a degree that is similar to most other nations within the GLOBE sample made up of 61 nations.

On the other hand, German behavior stands out in several other aspects: Uncertainty avoidance is extremely high, although the "should be" value is just the opposite, showing an aspiration to be easier going. Assertiveness is also rather high, a trait normally described as a direct communication style, which can be offensive for cultures where saving face is a key concern. Both in-group collectivism and institutional collectivism are observed to be below worldwide averages, a fact that corroborates Hofstede's (2001) findings. Finally, Germans exhibit the lowest scores on GLOBE's "humane orientation" dimension, that is, they see themselves as rather uncaring about other human beings, while the desirable values belong to the upper half of the sample, indicating a certain uneasiness with observed practices (data retrieved from Brodbeck & Frese, 2007). Again, a word of caution is in order: The middle managers surveyed for the GLOBE study were not representative of society at large; additionally, behaviors and attitudes may have evolved since the data were collected in 1995–1996.

Discussion of the General Business Environment

According to the World Economic Forum (2016), Germany was the fifth most competitive economy in the world, bested only by Switzerland, Singapore, the USA, and the Netherlands. According to the same source, Germany "continues to push the innovation frontier, ranking high on the pillars of technological readiness (10th), innovation (5th), and business sophistication (3rd)" (2016, p. 26). Using a different methodology, the Global Innovation Index placed Germany as number 9 in the world (Cornell University, INSEAD, & World Intellectual Property Organization, 2017). Although Germany outdid the average of Europe and North America in all 12 "pillars" contributing to competitiveness, there was an unfavorable perception of tax regulations, tax rates, inefficient government bureaucracy, an inadequately educated workforce, and restrictive labor regulations (World Economic Forum, 2016, p. 186). There are also some signs that whenever the government is involved, the proverbial German efficiency is but a faint memory. A point in case is the new Berlin airport, which was originally scheduled to open in 2011 and will take at least nine years longer to complete, with a budget overrun of several billion euros (Frankfurter Allgemeine Zeitung, 2018; Haines, 2017).

Germany's private sector is composed of small- and medium-sized firms as well as giant corporations. Within the Fortune Global 500 list, 29 firms are headquartered in Germany. Within the German subsample, carmakers Volkswagen, Daimler, and BMW occupy ranks #1, #2, and #4, respectively. Other firms on the list belong to the financial, retail, pharma, and logistics sectors, while only one company (SAP) concentrates on informatics (Fortune, 2015). That is to say, most German firms are active in "old" industries, compared to the current champions of the stock markets in New York or Shanghai. On the other hand, German manufacturing companies use sophisticated management practices on par with those of their Japanese competitors, which are outranked only by US companies (Bloom, Genakos, Sadun, & Van Reenen, 2012).

Probably the most remarkable feature of the economic environment of Germany has been its high economic growth and stability after the catastrophe of World War II. Both the Federal Republic of Germany in the West and the German Democratic Republic in the East were founded in 1949, after four years of occupational regimes installed by the allied powers. All through the Cold War, the economic development of Western Germany far outpaced that of Eastern Germany, which in 1990 merged into the Western system, adopting its political, judicial, and economic structures. Within its democratic political system, first established in Western Germany and then extended to the East, only two parties have led the government, often with minority coalition partners: The center-right Christian Democratic Union (CDU) and the center-left Social Democratic Party of Germany (SPD). Two Christian Democratic chancellors remained in office for 16 years (the German law does not prescribe any term limits) and the third one—Angela Merkel—started her fourth four-year term at the time this chapter was being written. Any economic crises have been due to external shocks (such as the 1973 oil embargo), while the domestic economic system just chugs on. In any event, the outcome of the German federal elections has not had a clearly distinguishable impact on stock market development (Hock, 2017), so German corporate strategies tend to be long term without taking internal politics into account.

Part of the country's economic stability is built on what is known as a "social market economy", that is, a capitalist economy with a rather developed welfare state, including free education from primary school through college, mandatory health insurance, and livable unemployment benefits as well as a state-supported pension system. Some of these benefits have been reduced after Germany's reunification. Another element of stability has been rather peaceful industrial relations; unions tend to take care of the wellbeing of companies through the so-called co-determination system, which by law gives union representatives a say in vital decisions of major German companies.

On the other hand, companies in Germany are hobbled by intrusive regulation, constantly emanating from governmental agencies in both Berlin and Brussels. For the year 2017, the Heritage Foundation's Index of Economic Freedom classified Germany as "mostly free" at the rank of 26, compared to the UK, for example, which was ranked 12th (Heritage Foundation, 2017). Germany's regulatory environment fares relatively better by the World Bank's Ease of Doing Business indicators, obtaining a rank of 17, which is still ten positions behind the UK. However, the same source places the conditions for starting a business at a worrisome 114th rank (World Bank Group, 2017). In fact, the common complaint about Germany's lack of startups and both technical and business innovations may well be connected to a problem with overregulation.

Germany touts itself to be one of the world's leading nations when it comes to energy efficiency, recycling, and eco-friendly businesses. For example, domestic garbage is systematically classified and recycled, all companies putting packing material in the hands of consumers have to pay into the "Green Dot" fund, and the government pushes for reduced CO_2 production and a phase-out of nuclear energy to be accomplished by 2022. However, such activism does not necessarily lead to outstanding results for protecting the environment; the 2016 Environmental Performance Index ranks Germany 30th, which represents a middle position among other developed nations well below the leading Scandinavian nations (Yale Center for Environmental Law & Policy, 2016).

In general, Germany benefits from a business environment with low levels of bribery and corruption. According to Transparency International, the country shared the 10th rank with Luxembourg and the UK on the 2016 Corruption Perception Index, which listed 176 countries (Transparency International, 2016a). Similarly, on the 2011 Bribe Payers Index, Germany was ranked as the fourth least corrupted country among 28 (Transparency International, 2016b). These positive data stand in contrast with some major corporate scandals, notably Siemens' systematic use of slush funds for acquiring projects all over the world (O'Reilly & Matussek, 2008) and Volkswagen's fraudulent software for masking emissions of its diesel engines (Ewing, 2015). The fact that both scandals were first uncovered in the USA rather than in Germany points to a certain level of connivance of German officials toward major corporations' unlawful actions.

Regarding the participation of women in business, the dominance of a female chancellor heading the German federal government for more than a decade might give the wrong impression. On the one hand, the German Constitution states that men and women are equal and mandates governmental action for abolishing gender discrimination (Deutscher Bundestag, n.d.). Accordingly, gender inequality has steadily declined between 1995 and 2015, with Germany ranking 9th among 160 nations (United Nations Development Program, 2016). On the other hand, the gender pay gap is decreasing very slowly with women occupying many low-paying job categories (Deutsche Welle, 2017). In tertiary education, the male to female student ratio is 52 to 48 in Germany, quite a different picture compared to the 46-to-54 average of 28 European countries (Eurostat, 2017). These initial inequalities are even more marked at the top of the income pyramid: In 2016, women represented only 6.4% of board members in all companies listed on the German stock exchange DAX (Manager Magazin, 2016).

Another issue of great importance for international negotiators is the Germans' attitude toward foreigners. A long and detailed report concludes that "we find relatively strong anti-Muslim attitudes, while otherwise, the responses correspond largely with the European mean" (Zick, Küpper, & Hövermann, 2011, p. 66). As in many European countries, xenophobic attitudes, including anti-Islamic and anti-Semitic feelings, have become more prominent in German politics, so foreign visitors from the aforementioned religious groups should not be too surprised to encounter negative attitudes on some occasions.

National Preferences for Resolving Differences, Disputes, and Conflicts in Business, Politics, and Personal Life

Dating back to the eighteenth century, when the Prussian army's iron discipline laid the foundations for fortifying state authority and ultimately forging the political unification of the German people, Germany has been characterized as a society of order, a feature that extends into many spheres of both public and private life. For this reason, Gannon (2004) has likened German society to a symphony orchestra where everybody plays their part, voluntarily subordinating to the greater good of a harmonized outcome. In business settings, order and punctuality are not only valued but expected, without much consideration for individual deviation. For example, the fact that only 78.9%

of long-distance trains arrived on time in 2016 is a subject of continuous public debate and criticism, for which railway managers need to present public excuses (cf. Schwenn, 2017).

In the same vein, people are expected to have a grip on themselves and not display too much emotion, neither bursting out into laughter nor succumbing to anxiety or depression. This cliché, however, has lost some of its significance over the last decades, as even public appearances tend to become more emotional. However, foreigners who exhibit too much exuberance run the risk of not being taken seriously.

The communication behavior of Germans in business sets the country apart from many others in the world. Lewis (2006) points to the German tendency to ask for full information, taking all utterances rather literally, and not making nor expecting any jokes when discussing technical matters. On his classical high- versus low-context continuum, Hall (1976) classified the Germans and the Swiss-Germans as the most low-context oriented nationalities, among whom words are understood more literally than in other places of the world and indirect hints might not be understood.

Furthermore, Germans prefer to make important decisions only after thoroughly learning about all relevant facts and details, including legalities. In fact, the legal system plays a major role in German society. Litigation rates are among the highest in the world (Clements Worldwide, 2018) and Germany ranked 6th in the 2016 rule of law index (World Justice Project, 2016). However, widespread knowledge of English and other foreign languages, as well as extensive travel, have raised many Germans' awareness of different workings abroad, so they will not necessarily expect to find the same reliance on the law in other countries.

Lewis (2006) describes the German management style as a closely defined sequence of tasks, obedience, and supervision. When working within organizations, people are expected to follow the rules and will accept to be checked upon. Similarly, Crossland and Hambrick (2011) found managerial discretion in Germany to be much lower than the USA and the UK, although significantly higher than in Korea, Italy, and Japan.

A Review of the Literature on the German Negotiation Style

Describing the negotiation style of a particular nationality is a treacherous endeavor, as one always runs the risk of succumbing to overgeneralizations and possibly outdated stereotypes. The following sections will, therefore, be divided into four: The first part summarizes the descriptions offered by general manuals on how to negotiate with foreigners, which mostly rely on undocumented anecdotes and general hearsay. The second part presents some general frameworks of negotiation behavior, where several national cultures are compared to each other. In the third part, some studies are presented where scholars have tried to find some kind of quantitative evidence through surveys and lab experiments, although those methods also have their limitations regarding reliability and generalizability. The final paragraph presents some of the author's personal observations.

Most guides for negotiating internationally do not explicitly refer to specific sources and can therefore be assumed to be based—at least partially—on anecdotes, hearsay, and personal experience (e.g., Acuff, 2008; Cellich & Jain, 2004; Katz, 2006; Lewis, 2006; Meyer, 2015; Morrison & Conaway, 2006; Rody, 2002; Tomalin & Nicks, 2010). There are similar publications that describe German management styles (e.g., Barmeyer & Davoine, 2008) and Germans' behavior in business (e.g., Urech, 2004). These studies concur on the following facets of German negotiation behavior:

- Punctuality and tight schedules,
- A fact-based and straightforward communication style, to the point of bluntness, where jokes and emotions are not really appreciated,
- A certain reluctance to share personal information and warm up to outsiders,
- A strict separation of business, which is discussed at the office, and personal matters, which might be the subject of conversation at restaurants, bars, and homes,
- Formal dress and address, including the use of last names and titles,
- Attention to detail, which requires thorough preparation and tends to extend the time required for negotiation, and
- Insistence on detailed written agreements.

The same sources characterize Germans variably as either hard bargainers (Acuff, 2008) or joint problem solvers looking for common ground—either as the preferred negotiation style (Rody, 2002) or in combination with pressure tactics (Katz, 2006). An article in Germany's leading magazine for executives instructs readers to toughen up in negotiation and "fight in style", which can be interpreted as being grounded in a general perception of weakness among business negotiators (Endres, 2007). The only conclusion to draw from these apparent contradictions is that not all German negotiators behave alike, depending on personalities and contexts.

Gesteland (2012) has elaborated a general classification of negotiation behavior based on four categories: focus on the deal or the relationship, informality versus formality, rigid versus fluid times, and emotional expressiveness versus reservation. Within this framework, Gesteland portrays German negotiators as deal-focused, moderately formal, monochronic, and reserved, similar to Britain, Ireland, Denmark, Norway, Sweden, Finland, the Netherlands, and Czechia. Meyer (2015) concurs with Gesteland's (2012) last characterization by describing Germans as emotionally unexpressive. On the other hand, Meyer's description of Germans as confrontational in the way they deal with disagreements somehow contradicts Gesteland's (2012) statement about reservation, at least regarding negative emotions.

Brett (2014) and Brett, Gunia, and Teucher (2017) propose a somewhat simpler classification of negotiation behaviors: "Q&A (questions and answers, an integrative, value-creating negotiation strategy typically associated with high trust) and S&O (substantiation and offers, a distributive, value-claiming negotiation strategy typically associated with low trust)" (2017, p. 289). In this dichotomy, German negotiators fall into the Western group of nations (together with Israel, Sweden, Norway, and the USA), as those societies—similar to East Asia—are characterized by high levels of trust compared to Latin, Middle Eastern, and South Asian countries (Brett et al., 2017). The authors also mention the influence of tightness versus looseness (German culture would be rather tight) as well as analytic versus holistic mindsets (Germans would be rather analytic), but the precise interaction between the three dimensions remains to be investigated in more detail. In a two-country comparative study, Willinger, Keser, Lohmann, and Usunier (2003) found the level of trust in negotiation to be higher among Germans than among French. However, the basic proposition of how levels of trust predispose for an integrative or distributive negotiation attitude remain to be considered, while keeping in mind the dangers of overgeneralizations and the importance of specific contexts.

Lewis (cited from WordPress, 2016) has also presented a model classifying typical behavior within national cultures, which distinguishes between the three extremes of linear-active (cool, factual, decisive planners), multi-active (warm, emotional, loquacious, impulsive), and reactive (courteous, amiable, accommodating, compromiser, good listener), and a continuum of combined behaviors. In this framework, Germany, Switzerland, and Luxembourg are presented as the most extreme linear-active cultures, similar to the UK, the USA, and Norway. Building on Lewis' framework, Ott (2011) has presented game-theory -based scenarios of how buyer-seller relations may play out in the interaction between different types of cultures. When a linear-active seller (e.g., from Germany) interacts with a multi-active buyer (e.g., from Brazil), "[c]ooperation might only occur in a situation where the linear-active type intends to set a high margin and to bargain over it during a longer time period", while "[t]he basic bargaining behavior of these two types will lead to conflict. Besides the different time horizon, the incompatibility of the two negotiation styles should trigger a conflict" (Ott, 2011, p. 442). On the other hand, when a linear-active seller (e.g., from Germany) interacts with a reactive buyer (e.g., from Japan), there are possibilities for both cooperation and conflict: "Although difficulties concerning the time schedule might arise, the reactive type ought to be interested in a positive outcome and not losing face. […] Because of the different approach in the time horizon and in the objectives of the negotiation, there might be a deadlock situation straight at the beginning. Even acceptance over a long-time period could lead to a conflict since the reactive type might still reject an offer in a late stage of bargaining (or even after signing the agreement)" (Ott, 2011, p. 442). Such theoretical scenarios may offer some general insights but are necessarily too coarse to do justice to real situations, where factors such as previous relationships and precedents, power differences, short-term versus long-term perspectives, and even the location of the negotiation may influence negotiation dynamics more than cultural characteristics.

In the following section, some academic studies of German negotiation behavior are presented in chronological order.

Salacuse (1998, 2003, 2007) conducted a survey with more than 300 participants that has probably become the landmark study on intercultural differences in self-reported attitudes toward negotiation. Scores were calculated for participants from Argentina, Brazil, China, France, Germany, India, Japan, Mexico, Nigeria, the UK, and the USA. Based on this intercultural comparison, the study confirms some of the stereotypes about German negotiators, but also contains some surprises. According to the survey respondents, Germans give equal importance to the contract and the relationship with the counterpart. The German respondents' general attitude is inclined more toward a distributive position (win-lose) than to an integrative one (win-win), which stands in stark contrast to attitudes reported by Japanese and Chinese respondents, as was to be expected, but is also more distributive than how US Americans and British perceive themselves to be disposed. Regarding the degree of formality, German respondents see themselves somewhere in the middle, on a par with the Japanese. As expected, the German survey respondents qualified their communication style as rather direct, while the Japanese and the French preferred a much more indirect approach. Another aspect where Salacuse's (1998, 2003, 2007) study contradicts conventional wisdom is German negotiators' time sensitivity, which turned out to be on the low side of the 12-nation spectrum. In other words, the German respondents saw patience as a virtue and did not like being rushed. Germans turned out to be the most extreme nationality regarding emotionalism, with a tighter grip on their feelings than even the British and the Japanese. Such a "cold" attitude is bound to create friction, especially while engaging with people from spirited nations such as the Latin American countries that took part in the study. The German respondents' preferred form of agreement was clearly specific, similar to the Japanese attitude. This focus on detail could either be appreciated as thoroughness or lead to a negative perception of Germans as annoying sticklers. In any event, German specificity can lead to conflicts with both "easy-going" national characters such as Latinos and Africans but also with British and US American preferences for a quick deal.

In terms of decision-making, German respondents occupy a middle position between top-down and bottom-up attitudes, so this aspect should not be too much of an issue in intercultural negotiations. However, when it comes to organizing teamwork, Germans prefer a consensual approach over deference to an all-powerful leader. In their attitude toward risk in negotiation, German respondents tended toward a middle position, which does not show too much discrepancy with other nations except the Japanese, who declared to be extremely risk-averse. Although interesting and without evident methodological flaws, the results of the study have to be taken with some caution, mainly due to sample size limitations. Among the 310 respondents, only 11 were Germans, even if those represented negotiation-savvy occupations (cf. Salacuse, 1998). Furthermore, it is quite possible that some of the attitudes reported to Salacuse have changed in this millennium.

The following section summarizes the results of some scientific studies of comparative negotiation behavior, where Germans made up one subsample of participants. In contrast to the previously cited self-reports, these negotiation simulations are based on observation, albeit under artificial conditions. However, there is some evidence that such lab studies of negotiation behavior correspond rather well with observations from the real world, that is, their external validity seems to be quite decent (cf. Yao, Ma, & Zhang, 2018).

Graham and associates carried out a 15-country study of negotiation behavior by experienced businesspeople that included "a combination of interviews, field observations, and behavioral science laboratory simulations" (1993, p. 123). In a sales negotiation simulation, (Western) Germans produced the lowest joint profits among all participants, demonstrating a marked penchant for distributive negotiation. Specific moves at the negotiation table in line with general dispositions were a high incidence of promised rewards, a low incidence of commitments, a high incidence of self-disclosure, a very low incidence of questions asked, and a relatively high number of commands issued, while other types of moves did not stand out in intercultural comparison. Concerning other types of behavior, German negotiators interrupted each other quite frequently and did not fall silent at all, and they did not touch each other (Graham, 1993).

In a study comparing the behaviors of American, German, and Japanese managers, Tinsley (1998) found that dispute resolution strategies varied between the three nationalities: While Americans strived to integrate interests, Germans preferred to apply regulations and Japanese deferred to status power. The study confirms the stereotype that German culture is guided by rule-based behavior. It also fits well with Gelfand and Dyer's observation that "[i]n tight cultural systems, such as Japan and Germany; […] there is a restricted range of behaviour that is tolerable within situations, and sanctioning systems are well developed" (2000, p. 66).

Adair and Brett (2005) compared the negotiation behavior of dyads belonging to either low-context cultures (Germany, Israel, Sweden, the USA), high-context cultures (Russia, Japan, Hong Kong, Thailand), or binational dyads where low-context representatives interacted with high-context representatives (the USA vs. Hong Kong and the USA vs. Japan). For the purpose of this chapter, only significant differences between low-context and high-context dyads will be discussed. Dividing up each negotiation session into quarters of equal length, Adair and Brett found that for the first quarter, low-context negotiators (including Germans) included more "structural sequences of affective persuasion [based on status, relationships, and normative or other contextual factors] and priority information" (2005, p. 38); in other words, acting according to patterns of formal behavior played a more important role in low-context cultures. The data also showed that participants from low-context cultures engaged in more reciprocal priority information exchange than those from high-context cultures. By contrast, structural sequences of rational influence and offers were more frequent in high-context negotiation dyads than in low-context dyads. Additionally, Adair and Brett (2005) found that overall reciprocal offers were used more frequently in high-context than in low-context dyads, while complementary information were found to be more common for negotiators in high-context dyads than in low-context dyads. In summary, low-context cultures (such as Germany) rely more on a structured exchange of priority information and less on attempts at influencing the other party through offers and contextual information.

Lügger, Geiger, Neun, and Backhaus (2015) set up a series of internet-based negotiations between German and Chinese participants involving both distributive and integrative elements. The researchers found that in intracultural dyads, the Germans adopted a more integrative stance than did the Chinese. However, when dealing with counterparts from the other culture, the Germans became more distributive while the Chinese did not modify their attitude. These findings could be interpreted in two ways, which are not mutually exclusive: The Germans placed higher levels of trust in other Germans, compared to the Chinese, which would point to a parochial attitude; and/or the Germans showed a high degree of intercultural flexibility by reciprocating to the preferred Chinese approach.

This author's own experience as a German-born academic and former translator and conference interpreter, who has lived in several European countries, Canada, and Mexico, shows that German businesspeople's attitudes have opened up over the years, although corporations' way of doing things remain firmly rooted in national traditions. German businesspeople are often well traveled and speak English fluently. They usually entertain a certain repertoire of preconceptions and stereotypes about their foreign business partners and are able to discern both positive and negative aspects of national differences. German negotiators show a marked preference for timeliness and thorough preparation. Depending on personal traits, some Germans struggle to deal with the subtleties of indirect communication. On the other hand, this author has never witnessed an incident of evidently dishonest behavior by individual German businesspeople, although larger corporations with covert decision structures have not always made good on promises issued by such individuals.

Qualities, Strengths, and Weaknesses of Negotiators from Germany

When dealing with Germans in international business, one will probably find a couple of positive behaviors that facilitate intercultural interaction. Among these are a certain openness to foreigners and a widespread use of the English language (cf. Ehrenreich, 2010), which translates into a certain adaptability to local context when negotiating outside of Germany. Especially among younger German businesspeople, it is quite common to find individuals who have lived abroad and traveled extensively, so there is a chance to connect based on shared experiences.

German nationals have a reputation for doing high-quality work and for thoroughness in planning and procedures. When entering a negotiation, they usually know exactly what they want and have prepared detailed agendas, which they intend to follow. For non-Germans with more holistic and people-based attitudes, such an insistence on detail might make negotiations quite uncomfortable at times. German frankness and open discussion of negative aspects might work well with US Americans and Northern Europeans, but could lead to awkward situations when used with members of cultures where keeping face is important, such as East Asians.

The generally positive attitudes toward Germans are tied to a general image of trustworthiness; when a German signals acceptance, she or he can usually be expected to follow through on their promises. On the other hand, this statement should not be understood as an invitation to carelessness, as there might always be some black sheep that abuse their counterparts' favorable disposition for taking advantage of them.

When negotiating on German soil, flexibility toward deviating behavior is much reduced. Foreigners are expected to observe a relatively narrow corridor of rules for business behavior, especially regarding punctuality, detailed preparation, and a separation between personal and business matters. Some foreign negotiators might feel a lack of cordiality and personal empathy, while others might feel uncomfortable with strict schedules and deadlines. The downside of Germans' thoroughness is, of course, a particular obsession with detail and procedures, which may slow down negotiation progress.

Exceptions to National Negotiation Culture: Subcultures, Contextual Differences, and Change Processes

Before the massive immigration waves of the early twenty-first century, Germany had an ethnically rather homogenous population, with the 40th lowest degree of ethnic fractionalization among 191 territories. Similarly, the German language as a mother tongue clearly dominated, with Germany occupying the 61st lowest degree of language fractionalization among 201 countries. On the other hand, Germany showed a rather strong religious fractionalization, occupying the 46th highest rank among 216 countries (ranks calculated with data from Alesina, Devleeschauwer, Easterly, Kurlat, & Wacziarg, 2002).

Historically, the great divide within the German society has been between Catholics and Protestants. As a result of the Thirty Years' War, which ended in 1648, most people had to remain or become either Catholic or Protestant, depending on the local rulers' preferences. In rough terms, Germany's Northeast and Swabia have a Protestant tradition, while the Rhineland and Bavaria have always remained Catholic. In some other parts of the country, religious geography is more complicated, and today, most regions have denizens of both denominations. The accompanying stereotypes persist, however, and portray Protestants as having a bit more self-discipline, showing less or a drier humor, and practicing less self-indulgence than Catholics. According to newer numbers (Die Zeit, 2013), over one-third of the German population is not affiliated with any religion, especially in the East of Germany, which for over 40 years lived under a Communist regime. In consequence, the tone of the conversation and the warmth or reserve of German negotiators might vary, but their substantial behavior will not be significantly influenced by religion.

While the younger generations and people from Western Germany will have a lot of experience with foreigners, inhabitants of Eastern Germany were not allowed to travel a lot, so middle-aged and older persons from those regions may be more parochial and less cosmopolitan. However, these discrepancies have been waning since the reunification of Germany in 1990.

Furthermore, the free flow of people within the EU, as well as several waves of refugees and economic migrants from the Middle East and Africa, has decreased the German society's level of homogeneity. However, to be accepted as representative of German firms, first-, second-, and third-generation immigrants will have adapted significantly to standard business behavior. Therefore, foreign business partners should not expect their German counterparts to behave like Italians, for example, just because of their names and looks.

Best Practices for Negotiating with Managers from Germany

The preceding explanations were directed mostly at how German negotiators behave within their domestic cultural environment. For intercultural encounters, however, the question always is by whose rules the game will be played. According to Gesteland (2012), there are two iron rules of international business: The seller adapts to the buyer, and the visitor is expected to observe local customs. A third consideration is how well each party knows the other party's customs (cf. Weiss, 1994), in the sense that the more biculturally oriented party will adapt more easily just they have a better knowledge of their counterpart's expected behavior than vice versa. In general, German negotiators will find it hard to adapt interculturally in those aspects where they occupy extreme positions in the worldwide spectrum of behaviors, notably punctuality, attention to detail, thoroughness, and low emotionalism in business.

Writing from a US American perspective, anthropologists Hall and Reed Hall gave the following advice for negotiating with Germans: "Your own presentation should […] be logical and low-key, with no hype, dramatics, or unsupported claims. […] Be sure your voice is firm and controlled and your speech well-modulated. Speak slowly. […]. Be self-controlled at all times; keep a poker face; do not fidget; and never reveal impatience" (1990, p. 68). These recommendations correspond perfectly with the traditional stereotypes that—at least at the beginning of the current millennium—other Europeans hold about Germans and that, slightly attenuated, are reflected in Germans' self-image: highly competent but lacking in warmth (cf. Cuddy, Fiske, & Glick, 2008).

The question is whether the currently active generations, which at least in Western Germany have grown up in an environment characterized by prosperity and a certain rejection of authoritarianism, still behave in such ways. This author believes that due to immigration into Germany, frequent travel abroad by Germans, and widespread use of the English language, Germans have become somewhat softer and more tolerant. However, there are no precise measures of such evolution, and individual differences remain essential.

Therefore, this author's advice would be to prepare in order to prevent unpleasant intercultural encounters: If you want to make a good impression on your German counterparts and score points in a business negotiation, you would be wise to heed the advice for detailed preparation that most serious experts give for any negotiation (e.g., Lewicki, Barry, & Sanders, 2007; Shell, 2006; Thompson, 2009). Even when advising members of the Dutch culture, which in many aspects is somewhat close to the German one, a bicultural expert recommends: "You better prepare yourself thoroughly for your negotiations with Germans because the German negotiator hates meetings in which the business partners are poorly prepared or have no knowledge about the details. It is best if you bring a clear and comprehensive documentation, preferably in German. If you hold a presentation you must know everything about your product, the relevant laws, and rules" (Reyskens, 2007, cited in Thesing, 2016, p. 121).

Final Thoughts

This chapter discusses numerous studies about Germany's business culture and Germans' behavior in negotiations. On the one hand, there is what is considered appropriate protocol and behavior. Using Steers, Sanchez-Runde, and Nardon's (2010) "protocols governing appropriate formalities/behaviors", Germans are expected to be assertive when opening a conversation and may end a conversation rather quickly, although not without explicitly taking their leave. Germans are educated to present their ideas in logical sequences and not to interrupt each other when speaking. Apologies are not a distinctive element of the communication behavior. Disagreement may be expressed in a straightforward manner. The display of emotions is considered unprofessional, and people are not expected to ask for favors. Lewis (2006) describes German negotiation behavior as very linear, following a predetermined agenda with the following elements: (1) review of past history, (2) statement of context, (3) examination of facts, (4) frank proposal, (5) resistance, (6) absorption of the counterargument, (7) offer of a new proposal, and (8) cautious but firm agreement. Absent from this German script are lively discussions, emotions, humor, theatrics, and ambiguity, which are parts of negotiation in many other cultures of the world. For many non-Germans, conforming to these restrictions may be quite a challenge.

As a final remark, this author wants to stress that people's actual behavior might deviate from or even contradict their cultural imprint, due to individual personalities and specific circumstances, especially the dynamics of interaction with different counterparts. As Wheeler states: "You can't script negotiation. It's a dynamic, interactive process of give-and-take back and forth" (2013). Any intercultural interaction requires some empathy from both sides, and agreement in negotiation will be much easier to reach if both parties allow the other side to keep at least one foot in their own comfort zones. Therefore, all negotiators would be well advised to be knowledgeable about the protocols and stereotypes referring to any country while keeping an open mind for different things to happen in practice.

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14

Negotiating with Managers from Turkey

Kayhan Yıldırım

Introduction

International business negotiations are a combination of knowledgeable businesspeople, effective communication, and creative, value-creating, win-win outcomes. The vast majority of literature on negotiation assumes, for simplicity's sake, that negotiations occur between two individuals who often share some cultural assumptions and who seek to reach agreement on a limited number of issues over the course of a single bargaining session (Trask & DeGuire, 2013). In today's multicultural business environment, being successful in such negotiations is not easy, as cultural diversity challenges communication and relationship building. However, the diversity of international meetings can also produce new ideas and new perspectives on the issue under consideration, which can be exploited for mutual benefit by patient and creative negotiators on both sides of the table (Requejo & Graham, 2008).

Decision-making, deal negotiation, and dispute resolution today involve multiparty and multicultural settings. Basic negotiation training, long held to be key for achieving success, is no longer sufficient. Knowledge across cultural boundaries is required to help you apply familiar concepts such as leverage, power, and interests across different cultures. When negotiating parties come from different cultures, they arrive at the table relying on different assumptions

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about social values, financial interests, and political settings. Ranging from gestures and language barriers to how you meet and greet your counterparts, cultural differences play a crucial role in accomplishing negotiation strategies.

In today's global environment, negotiators who understand cultural differences and negotiation fundamentals have a decided advantage at the bargaining table (Brett, 2007). To achieve that, you must look into your own, and your counterpart's, interests and priorities through a cultural perspective. Motivation, influence, and tactics are predicated on a variety of cultural assumptions. Power, sensitivity to verbal insults, and trust have different significances in different parts of the world. Different cultures have different social dilemmas. Adopting a simple working definition of culture as the collection of values, beliefs, knowledge, habits, and principles that define a group, it stands to reason that different cultures will have their own ways of communication. Culture is the distinguishing feature of any society, and culture will certainly affect the negotiation process (Leigh, 2002). In cross-cultural interactions, differences in culture can lead to misunderstandings. This chapter applies the literature on cross-cultural communication and negotiation to help overcome these differences, particularly as they relate to foreigners negotiating with Turkish businesspeople.

Turkey

Turkey is unique in many ways. With a population of 80 million, it is located in the special position of bridging Asia and Europe, located just below the Balkan countries and adjacent to the Middle East. It is the closest Western state to the East and the closest Eastern state to the West (Akıncı, 2016). While the majority of Turkey's population is Muslim, its history of democracy is significantly different from its Islamic neighbours, with its culture combining contributions from Eastern and Western traditions.

Turkey is an influential North Atlantic Treaty Organization member, as well as a European Union (EU) candidate. It is a member of the EU Customs Union, the Black Sea Economic Cooperation Organization, and the Organization of Islamic Cooperation. According to the data provided by the European Commission (2018), the EU is, by far, Turkey's top import and export partner. As the 17th largest economy in the world (Executive Summary, n.d.), Turkey offers a cost-effective and skilled workforce. When all of the EU members and accession countries are taken into account, Turkey has a pretty large labour force. According to the Foreign and Commonwealth Office (2014) of the UK's research and analysis, "Turkey has the highest youth population and 4th largest labour force compared to EU-27 countries." Various tax and non-tax incentives are offered to foreign investors. There are VAT and customs exemptions on goods, and free land and energy support are offered in priority regions in Turkey. To increase the competitiveness of international firms, R&D support is offered. The introduction of flexible exchange rate policies and liberal import regulations furthermore promoted foreign investment. Turkey's major industries are tourism, textiles, and automotive. Data from the Investment Support and Promotion Agency of Turkey suggests that Turkey's economy has performed remarkably well lately, with steady growth over the past 14 years. The integration of Turkey's economy into the globalised world has increased due to a sound macroeconomic strategy, prudent fiscal policies, and major structural reforms. The Turkish economy grew at an annual average real GDP growth rate of 5.6 per cent from 2003 to 2016 due to an increased role of the private sector in Turkey's economy and enhancement of the efficiency and resilience of the financial sector. HSBC's "The World in 2050" (2012) report suggests that "Turkey will be the world's 12th and Europe's 5th biggest Economy by 2050." The same report foresees that "the combination of strong fundamentals, and the one country in the region with good demographics, should see Turkey maintain a very respectable pace of growth throughout the forecast horizon" (p. 19) (Fig. 14.1).

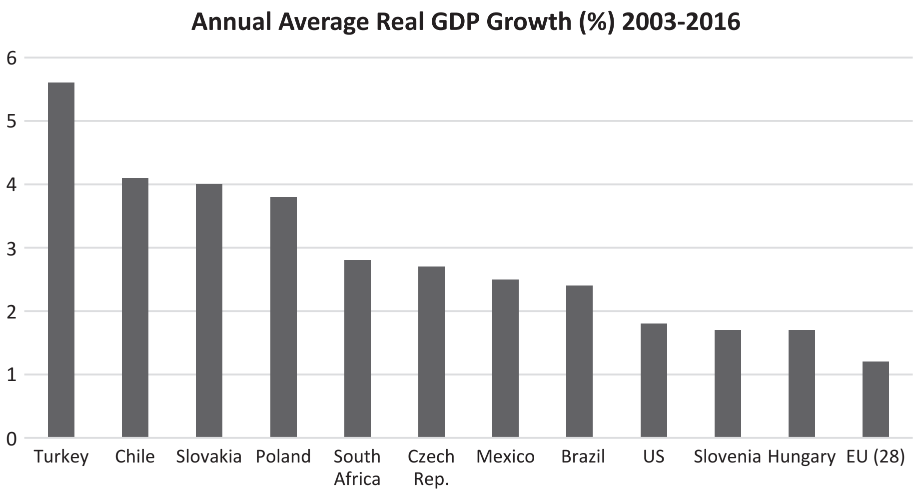

Fig. 14.1 Graph of the annual average real GDP growth by OECD countries: value 2003–2016. Author's own creation, using the existing data

The Organisation for Economic Cooperation and Development (OECD) predicts that Turkey is expected to be one of the fastest growing economies among OECD members during 2015–2025, with an annual average growth rate of 4.9 per cent. Some touchpoints for describing Turkey's economic growth are as follows (Foreign and Commonwealth Office, 2018):

- The EU-defined general government nominal debt stock was 72.1 per cent in 2002; in 2016 it fell to 28.3 per cent.
- The EU's 60 per cent Maastricht criteria for public debt stock has been met since 2004.
- The budget deficit was 10 per cent in 2003 and 2 per cent in 2016 as a ratio to GDP.
- GDP levels increased to USD 857 billion (2016) from USD 236 billion (2002).
- GDP per capita which was USD 3581 (2002), increased to USD 10,807 (2016).
- Exports reached USD 143 billion by the end of 2016, which was USD 36 billion in 2002.

The World Bank's current view of Turkey is captured in this statement:

> *Turkey's performance since 2000 has been impressive. Macroeconomic and fiscal stability was at the heart of its performance, enabling increased employment and incomes, making Turkey an upper-middle-income country.*

Political developments in 2015 and 2016 have adversely affected this momentum. Two elections in 2015, an attempted coup-d'état in 2016, the dismissals of public officials in the same year, and a rise in terrorism have all combined to result in slower economic growth and reduced private investment.

(1) Analysis of the Turkish Business Culture by Hofstede's Cultural Dimensions (Fig. 14.2)

In this section of the chapter, Turkish business culture is analysed using Hofstede's (2001) model of cultural dimensions.

(a) Power Distance

Turkey has a high power distance orientation, with a score of 66. Decisions are made top-down, and companies have hierarchical characteristics. For

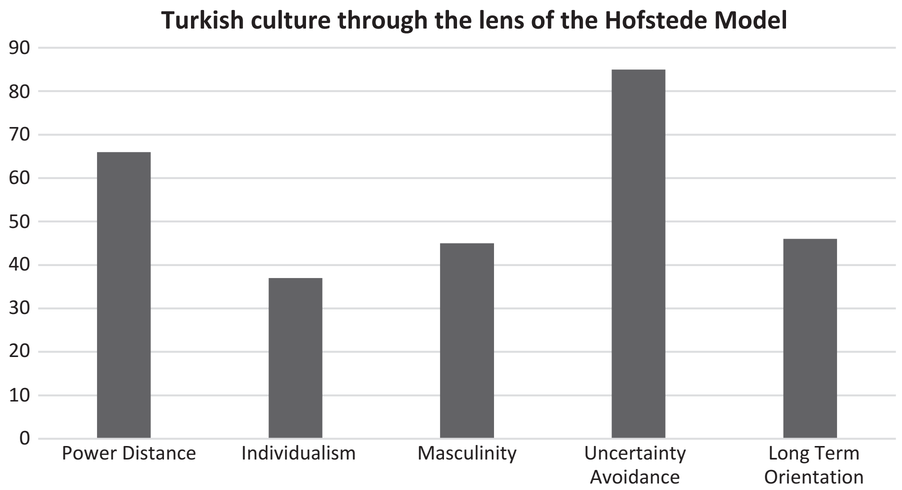

Fig. 14.2 Exploration of the Turkish culture by Hofstede's framework. Author's creation using the Hofstede's Center Data

example, in Turkish companies there is limited direct communication between employees and their boss. Employees in Turkey cannot address their manager by their first names. It is very rare to observe an employee quarrelling with her boss in front of other employees. Open-door policies, flat organisations, or consultation while decision-making is rarely encountered in the Turkish business environment—particularly in family-owned businesses.

(b) Uncertainty Avoidance

Turkey has a high average score of 85. As a relationship-based society, you may observe a high level of paperwork and bureaucracy. In business terms, Turks have very little tolerance for ambiguity. As risk-intolerant people, Turks avoid suspicious situations as well as conflicts. Rules and regulations cover every aspect of the Turkish business environment. The high score is reflected in Turks' low tolerance for risk, lack of personal assertiveness, and low level of confidence in other people (Koc, 2010).

To minimise anxiety, people often utilise rituals. These might seem religious to foreigners particularly as they often reference "Allah," but often they are just traditional social patterns, used in specific situations to ease tension (Hofstede, 2018). For instance, people sometimes ask others to swear in the name of Allah that they are speaking the truth—and once they do, rely on that information.

(c) Individualism/Collectivism

Regarding individualism, Turkey scores relatively low (37). Trust, solidarity, and cooperation, seen in the Turkish business environment, result in teamwork and social connectedness. The dominant influence of Islam in Turkey also supports collectivism in the society (Jones, Best, & Goswami, 2016). In Turkey's collectivistic culture, employees are mostly team/group oriented. When you decide to do something, it must be in line with overall group benefit. Saving face is the collective responsibility of the whole group. High loyalty leads to low turnover rates in Turkish companies. On the other hand, Eris, Ozer, Ozmen, Çakır, and Tozkoparan (2013) argue that Generation Y-ers (born after the 1980s) have certain "global" characteristics such as technology orientation, independence, and self-confidence. These characteristics are different than previous generations. They argue that, according to the Results of Address Based Population Registration of 2013, the number of Generation Y-ers has reached 12,815,000 persons. With them on board, Turkish business environment may face changes in culture regarding individualism versus collectivism.

(d) Masculinity/Femininity

Turkey is on the feminine side of this scale with a score of 45. People attempt to avoid conflict in business life; when faced with one, they try to reach a consensus. Levelling with others is a common aspect of this type of culture. People try to establish long-term relationships, and the emphasis is on the family. People come together as friends and family in their leisure time, and these get-togethers are essential activities in the Turkish culture.

(e) Long-term/Short-term Orientation

With an intermediate score of 46, it is difficult to identify a dominant cultural preference. This dimension was added to the original four with the goal of distinguishing between Western and Eastern thinking patterns. Countries with short-term orientation tend to respect tradition and are concerned with face and reputation. Influenced heavily by Islam's collectivistic culture, Turkey may be more inclined to short-term orientation.

(2) Turkish Culture and Its Business Implications for Negotiation

While negotiating with a Turkish counterpart, the first thing that comes to my mind is the importance of emotions. Even the toughest procurement professional in Turkey can let down her sails if you dig deeper and try to understand what is in it for them. Trust is the most crucial element when negotiating with a Turkish business person *and it can be best described as consistency over time. So, don't think about small term gain when negotiating. It might be a wiser idea to give something little in exchange for building the long-term trust.*

Enterprise Relationship Manager, LinkedIn

Turkey's geographic position is situated just between the Western and Eastern worlds. Due to its location, Turkey has been exposed to many cultures. People living in Turkey have experienced this diversity of cultures for a very long time. Traditional Islamic precepts, amalgamated with the Western values, combine to form modern-day Turkish culture. It is tough to define "the" Turkish culture since practices, attitudes, and lifestyles differ greatly across such delineations as age, education, status, religion, and region.

Turkish society is currently undergoing a conflict between groups who have different value systems (Kasaba & Bozdoğan, 2000). The primarily identified feature of this conflict, according to Mardin (1973), is that it is between people who demand to safeguard traditional values and people who want to transform the country towards being more modern/Western.

Metcalf et al. (2006) have made a comparative analysis of negotiation tendencies in five countries: Finland, India, Mexico, Turkey, and the USA. They used Salacuse's (2003) framework for identifying country negotiating differences that included ten bipolar dimensions measured on five-point scales. The results show significant insights of Turkish Negotiation culture. Asked to identify the primary goal of a business negotiation, most of the Turkish respondents replied that leaving the negotiation table with a contract is most important. Attitudes (win-win or win-lose) were also studied and found out that Turkish respondents were fairly evenly divided between the two approaches. Turks preferred a direct communication style, rather than an indirect one. Regarding time sensitivity, Turkish respondents showed high sensitivity towards time. Turks, in the emotionalism dimension, showed low scores, indicating a tendency not to display emotions.

Another of Salacuse's (2003) dimensions that was applied was the agreement form (i.e., a specific or a final general agreement). Turks preferred finalising specific deals in contracts including detailed clauses that attempt to provide for as many future risks as possible. Regarding agreement building, the Turkish response pattern indicated a preference for a top-down approach rather than a bottom-up one. When asked if they preferred to be led by one individual having complete authority to make decisions, or reach decisions via team consensus, Turkish respondents showed a strong tendency towards team negotiation and consensus decision-making. Finally, the results of the research found out that Turks favour a risk-taking approach in business negotiations.

According to the data provided by Turkish Family Business Association (TAIDER), 95 per cent of the companies currently working in Turkey are family-owned businesses. Due to a lack of knowledge of English among Turkish seniors, most of their international negotiations are conducted by members of the younger generations, who are experienced in interacting and doing international business with visitors from other cultures. Even though they carry out negotiations in their own way, one can observe the influences of Asian, European, and Arabic cultures throughout the interactions. With that said, using an interpreter may help you overcome language barriers. In order not to offend the other party it would be beneficial to first ask if an interpreter should remain present during the negotiations. If they choose not to work via an interpreter, speak without jargon and use simple sentences. Using abbreviations and slang may cause ambiguity.

Family-owned businesses have their own way of doing negotiations. Most of the time, a few powerful seniors hold the decision-making power. It is imperative to understand this process, since if you are unable to detect the locus of power, you may waste your time without getting anywhere. That is why you have to realise the influencers in any given company, upfront.

According to Hofstede, Turkish culture is "group-oriented." When we look at the Turkish culture regarding "the degree of interdependence a society maintains among its members," we can easily observe that people's self-image is defined in terms of "we," rather than "I." People belong to "in-groups" (i.e., families and organisations) that take care of them in exchange for their loyalty. You will encounter indirect communication when you negotiate with a Turkish businessperson. To maintain the harmony of the group, open conflicts are usually avoided. Observe your counterpart's team, and you will notice how rare it is to see people voice different opinions in a Turkish team, even though they may have different views.

It is critical to harmonise the number of specialists and generalists in any given negotiation team. Salacuse (2003), writes about an inspiring anecdote, in his book "The Global Negotiator: Making, Managing and Mending Deals Around the World in the Twenty-First Century";

> *In one negotiation, several years ago between an American construction company and a Turkish public-sector corporation for a contract to build a dam, both teams consisted only of specialists. Neither had a generalist. As a result, the technicians on each side argued about technical points. No one was capable of developing a general framework for the deal, so the talks ended after a week of fruitless bickering.*

Effective goal achievement in negotiations with Turkish businesspeople often involves building lasting personal relations in which people fully trust each other. If you want to close the deal, you should have already achieved a strong personal bond with your counterpart. If they know you well enough, like you, and trust you, it is easier for you to achieve your aims and "leave the table" on beneficial terms.

Spending time to get to know each other and establish a relationship is the cornerstone of doing business in the Turkish business culture. One should not rush it. Productive meetings require comfort in talking with each other. Turks can only achieve it after spending some time with their counterparts. In negotiations with Turkish businesspeople, significant decisions can only be made after appropriate non-business interactions.

When you spend time with your negotiation counterparts, they will come to trust you. This does not mean that they will trust the company you represent. That is because business interactions in Turkey are viewed as taking place between people, not between companies. This means that when somebody else comes from your company to continue the negotiations in your place, everything starts from the beginning. As a rule of thumb, businesspeople continuing the negotiations should not be changed during the process. Key stakeholders who began the negotiations should remain in place throughout. This is the business application of the Turkish adage, "Don't change horses in the middle of crossing a bridge."

Since you will not initially be a part of the Turkish "friends and family" network when you first arrive and introduce yourself, third-party introductions would be a good starting point to help you establish trust in relationships. According to Katz (2013), before initiating business negotiations in Turkey, it is advantageous to identify and engage a local intermediary who can help bridge cultural and communication gaps. Bridging such gaps is as important to conduct with your local team, as it is with your negotiation counterparts. If you are operating as part of a team including locals and foreigners, make sure you are all on the same page before walking in the door. Turks are experts at spotting conflict between members of counterpart teams, and use this to their advantage.

Hooker (2012) notes that subordinates are expected to keep their suit jackets buttoned in the presence of a superior in Turkey. The process should be the same in the introductory phase of the business negotiations. Arriving at the meeting room with your coat jackets buttoned is a subtle sign of seriousness and respect.

Even though Turks have a habit of starting meetings late, punctuality is expected from their foreign counterparts. Calling ahead, in the case of late arrival, can solve such a problem proactively. Try not to express anger or resentment when your Turkish counterpart arrives late to the meeting. In

Istanbul, in particular, they will usually explain that there were traffic jams; particularly, “traffic on the bridge” crossing the Bosphorus is often cited as a reason for lateness. Making this excuse, and accepting it understandingly, is something of a pre-meeting ritual; playing along with it (on the accepting side) will make you seem like a local.

In the first minutes of your negotiation, try to ask your counterparts how they prefer to be addressed. Unlike many western countries, Turks almost never use Mr./Mrs./Miss before their surnames (i.e., Mr. Yildirim). When these are used, they usually feel uneasy with this official-sounding form of address. Turkish people prefer to add “Bey” (for men) and “Hanım” (for women) after the first name, as a sign of respect (e.g., Kayhan Bey or Ayse Hanım). Calling your negotiation counterparts by their first names, as in European and American cultures, is rarely appropriate; avoid doing so unless invited to.

Halub, Sauber, and Stück (2012), combining both academic theory and actual international experience, have conducted a cross-cultural comparison between Turkish and American managers. They state that in American culture, there is a lower need for structure, and interactions are more informal (flexible), whereas in the Turkish culture there is a higher need for structure, and more formal interactions are seen. As a high structure culture, the Turkish language has two different address forms—“sen” and “siz”—both of which mean “you” in English. Turkish people use “sen” for friends and relatives, and “siz” for elders and business superiors. “Sen” is used when you are communicating on a first-name basis, and “siz” is used when you are addressing the other using their surname. Halub et al. (2012) share an anecdote on how challenging it is to interact between cultures with different usage of names and forms of addressing each other:

> *… an American businessperson accompanied his international partner in Turkey to call on a mutually important client. The American began using an overly informal style when marketing to this key client. The Turkish manager later said, “I’ve been dealing with this same important Istanbul client for over a year, and I’m still on a surname basis. This American came in and immediately threw our client off balance by using the client’s first name, slapping him on the back, and making personal jokes. He has set back our company’s relationship with that client by six months!”*

Expect extensive small talk to be initiated by your Turkish counterpart. Join the conversation and let them guide you. Avoid jumping to the topic to be negotiated since the first meetings will largely serve as trust-building small talk sessions.

In terms of negotiation strategies, Turks usually exercise distributive bargaining. Metcalf, Bird, Lituchy, Peterson, and Shankarmahesh (2007) surveyed 1000 people, 327 of which were Turkish. Turkish people showed a significantly higher tendency towards a distributive orientation towards negotiation—82 per cent agreed with statements on the distributive side of the scale—than respondents from the other three countries: Finland, the USA, and Mexico.

Long-term assessment of the relationship should be taken into account when negotiating with your Turkish counterparts. Even the most competitive, roughest Turkish negotiators will seek win-win agreements. This is due to their long-term considerations regarding the relationship. Insist on showing the gains to both parties when they stick to a power-driven position in which they hold the upper hand, and they will be inclined to listen to you.

When you face a conflict, try to listen to the issues underneath their words and assertively voice your objections. Turkish negotiators think that concealing information from your counterpart gives you the upper hand. So, Turkish businesspeople abstain from sharing information. If and when they do share information, always double-check its veracity.

Expect to make several trips before you close any deal in Turkey. Negotiations, according to Stachowicz-Stanusch and Amann (2018), may take longer than usual due to cultural characteristics. Decision-making within the negotiation process in Turkey can be slow. Turkish businesspeople sometimes may not like to be put under pressure. They hate it when people dictate deadlines. Being patient is an asset in any given negotiation with your Turkish counterparts. Know that decisions are not made at the table. Between meetings, your Turkish counterparts will make the decisions and communicate them to you.

In terms of *Chronemics*, Turkish culture can be classified as polychronic (Yahyagil & Ötken, 2011). Basing on our observations on Carte and Fox (2008), we suggest that one should be ready for short-notice appointments as well as last-minute changes when negotiating with Turkish counterparts. It is very common in Turkish business meetings for people to jump back and forth between topics. If you come from a more monochronic culture, where people provide meeting agendas in advance and stick to them, you should try to be comfortable with this "flexibility." Meetings may not end at the agreed time due to this holistic and polychronic work style.

When faced with stalling through the negotiations, do not rush through the meeting. When negotiating with Turks expect interruptions and sidebars. That is entirely normal in these less structured sessions. Delays may be due to evaluating alternatives. If you think that the negotiations are slowing down due to a lack of interest in doing business with you, you may want to redirect the discussion to already-decided parts of the agreement and to the long-term gains.

Affected profoundly by Islamic culture, Turks use the saying "Bargaining is Sunnah" when trying to invite their counterparts to negotiate. Sunnah is the "habitual practice" of the Islamic community. It represents the teachings, deeds, and sayings of the Islamic prophet Muhammad, orally communicated throughout the generations. Bargaining, therefore, while not an actual religious practice, is still part of the essential culture of Islam. According to Katz (2013), Turks love to bargain and haggle. You are expected to bargain a lot during any negotiation with them, and if you try to avoid doing so, they may be offended. Since initial proposals will always be high above (or below) the average, you have to play the game and make counter-offers. It is usually a good sign when your Turkish counterpart's first offer is a relatively high (or low) one. An extreme first proposal indicates that the actual negotiations have begun. They may see as an insult if you walk away from the negotiation as you hear their first extreme offer. After the initial offers and counter-offers, most of the negotiation will then fall into a sensible bargaining stage.

Turks prefer not to make the first offer in a bargaining session, thinking that it will result in receiving the smaller part of the "pie." This corresponds to their behaviour when receiving such an offer; most Turkish negotiators think that they should never accept the first offer, rather, treat it as an aspiration of the others and counter it with an offer of their own. If forced by circumstances or context to provide the first offer, they usually make an unrealistic, extreme offer. As such, there is quite a bit of gamesmanship involved, before Turks get down to the "real" part of a bargaining process. Opresnik (2014) suggests that "many negotiations fail not due to a lack of negotiation skills or a lack of proposed solutions, but because of the resistance of key players in the negotiation environment." When faced with a rejection of your first offer, do not lose control or heart; just stick to your goals and trust that the process will continue.

Your Turkish counterparts may use deceitful strategies to get more out of the deal. They may use ambiguous or confusing body language or even tell outright lies. When you spot a lie, it would be a deadly mistake to tell them that they are lying; find a less direct way to deal with this. Another favourite negotiation tactic of Turks is appearing uninterested. Yet another is the limited authority tactic; in this your counterpart backtracks from a deal you thought you had achieved, saying they need to check whether their manager approves it. Since subordinates may be reluctant to take responsibility, they may actually need to ask their superiors; alternatively, it is a ploy in which their manager will not approve the deal in order to squeeze out a final deal-sealing concession from you. You must carefully consider whether this is real or a ploy. Expect them to devalue your offers or lay false trails. In general, in order not to damage your long-term relationship with your Turkish counterparts, do not take these tactics or strategies personally. They would use these tactics with anyone in your shoes. The best strategy to overcome these ploys would be to verify what you have been told.

When a Turkish businessperson says something is "the final offer," it usually is not. This tactic is widely used to exert pressure on you to say "yes" to the offer. It is advised to use silence when you feel that their offer is not the "final" one.

When you receive a written "memorandum of understanding," do not consider it to be a final agreement. They are just words to record what you have come up with so far. Before the final signing of a formal contract, any word/sentence/paragraph is changeable in the eyes of your Turkish counterpart. Even though Turks put more emphasis on the commitment itself rather than the formal signing stage, still, always finalise the agreement by writing it up. It is entirely reasonable to consult with an expert or an attorney before you sign the contract, in order to understand the contract in view of local and international law. However, do not bring them to the table itself during the negotiation or even the closing stage; the presence of a lawyer may be seen as a sign of distrust.

To honour the agreement and continue receiving commitment from your Turkish counterpart, keep in touch, even on non-business matters.

When you face a situation in which emotions are high, try to remain calm. It is normal in the Mediterranean culture to use emotions as you negotiate. An easy way out would be to ask qualifying questions to understand what is beneath the emotion.

Making offers with a short deadline, as a pressure move, is likely to backfire given that the Turkish businessperson thinks in the long-term perspective.

During or before the negotiation, you may be offered some "gifts." Paying for your journey or your hotel, offering you Turkish artefacts, and presenting you with small presents such as a tie, pen, or a notebook are customary and should not be seen as bribery. That is not to say that actual bribery isn't common in the Turkish business environment—but these small gifts are not intended as such. Rejecting a present before or during the negotiation may be seen as an insult, dishonouring your Turkish counterpart.

Turkish Culture and Conflict Management

In conflict situations, I am an avoider, so will tend to step back and behave passively during a confrontation, building up a huge resentment and anger which usually feeds into revenge behaviours against my protagonist. In one work situation, I found myself in the awkward position of being appointed key negotiator with a multi-

national corporation investing in the NGO by whom I was employed. The CEO of my organisation, a Turkish woman, was determined to destroy the relationship with the corporation and prevent any further investment since the corporation made it clear that they did not appreciate her attitude to them. Hence, she disapproved of my appointment, which had been made over her head directly by the board. She engaged in daily mobbing and would wait until everyone in the office had gone to lunch before launching herself into my office and showering me with a tirade of insults. The corporate partners and the board were not aware of the situation. I maintained utter silence throughout her daily attacks, tried to accommodate her increasingly unreasonable work demands and maintain positive and civil interaction where at all possible, for the benefit of the organization, countering every act of psychological violence with a solution-oriented approach over time, but recording every event and confrontation with her over a period of several months, I created a detailed account of her behaviour which I shared with the board in due course when all else failed.

For various political reasons, the board had not wanted to sever relationships with this person for some time, although many in the organisation were uneasy and felt threatened by her discriminatory, irrational and often violent behaviour. Finally, in consultation with the corporation and department heads within the organisation, the decision to remove her was taken, relationships with the investing partner repaired and equilibrium in the workplace restored. This was a very unpleasant experience in which I felt personally under threat and lacking the support of management. It created a toxic atmosphere that eventually led to my also leaving the organisation. But I had choices. I accepted the appointment knowing that it meant consequences vis a vis my relationship with the CEO, I chose a personally high-risk strategy in order to protect the organization's investment, I chose to stay in the situation until positive change had occurred, and ultimately, I chose to incur personal stress and damage in the process and to take the inevitable steps of leaving the organization which had been internally severely damaged by the toxic behaviours of one person.

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Conflict management behaviour in work organisations differs across cultures since conflict is culturally defined and regulated (Weldon & Jehn, 1995). That is why it is vital to study conflict management through a "cultural" lens. Regarding organisational conflict management, one can find some difficulty if she/he is not backed with country-specific information. For a general understanding of Turkish practices, this section can help you deal with potential problems when negotiating with a Turkish counterpart.

Turkey is a profoundly conservative country that has a high level of hierarchy (Trompenaars & Hampden-Turner, 1999), is high in egalitarian commitment, is high in harmony (Schwartz, 1994), and is composed of paternalistic values (Aycan, Kanungo, & Sinha, 1999). We are currently in an era where work relationships are becoming more complex and increasingly globalised working environments are placing unprecedented pressure on managers to resolve conflicts regarding effectiveness (Ma, Erkus, & Tabak, 2010).

In the business environment, managers usually play a third-party role in the conflicts between their subordinates. Kozan and Ergin (1999) argue that in the two-thirds of the disputes between the subordinates, their managers were involved. Due to lack of a compromise tradition in the Turkish business life, managers have a face-saving role. The intervention of management occurs because conflicts threaten harmony when they are unresolved in collectivist cultures (Cho & Park, 1998).

According to Kozan, Ergin, and Varoglu (2014), managers in Turkey work under conflicting pressures to use the traditional soft touch of peacekeepers and the need to remain in authority. When conflict arises, the autocratic tendencies of the managers quickly tip the balance towards more forceful intervention. That is why mediation would be a more satisfying choice for the Turkish subordinates.

According to Kozan and Ergin (1998), dependence on third-party help is widespread in all phases of Turkish life. This is the result of years of socialization in the family and in school. This tendency is exacerbated by the experiences of formal and informal groups; the reason for the Turkish subjects to choose intermediaries may be due to uncertainties involved in direct contact or the fear of being rejected.

Erzen and Armağan (2015), after identifying 485 research studies as a literature review, used 32 of them in their meta-analysis to conclude that there is a significant effect of leadership on conflict management. Leaders may perform a constructive role, by resolving and preventing conflict, or play a destructive role, by being the creator of the conflict. A leader's significant impact is an expected outcome, in terms of conflict management, when considered in that context (Erzen & Armağan, 2015).

Ma et al. (2010), examining from 244 questionnaires filled by managerial employees, who were mainly middle-level managers, working at both public sectors and private industries in Ankara; found that, regarding conflict management styles, there is a clear preference for compromising, followed by competing and accommodating. Their results show that Turkish managers approach conflicts in a confrontational style and collaborating is the first choice for conflict management method in Turkey. Choosing compromising and competing as second and third choices when handling conflicts may suggest that Turkish people try not to avoid conflicts as can be expected in collectivist cultures (Ma et al., 2010). Willingness to confront the other party to resolve the issue by not avoiding the conflict can be explained by the long-term thinking of the relationship observed in the Turkish business culture.

Subcultural Differences in Turkey

Turkey, transitioning from a traditional to a more modern state, is currently being affected by subcultural differences. Industrialisation took place rapidly, and modernisation attempts were unbalanced since different values affected change processes in different areas. A subculture is a group where members are different from the larger culture in terms of views and lifestyles. Members of the subculture feel that they are different from the others. Between themselves, they share common norms, attitudes, and values (Chang, 2006). Conflict and negotiation behaviour, as a result, is influenced by the culture and subcultures to which a member belongs (Avruch, Black, & Scimecca, 1998).

Kozan (2002), by using Schwartz's 56-item values inventory, conducted research in 40 organisations in Turkey to form a basis for identifying subcultures in Turkish society. The study identified four main clusters in the Turkish society: traditionals, power seekers, stimulation seekers, and egalitarians. Traditionals represent the dominant culture in Turkey. Highly collectivistic in nature, traditionals put high value in respect for tradition, social order, and family security. Power seekers are the representatives of the new capitalist spirit in Turkey. They are identified by mastery over others, luxurious consumption, and personal competence. Egalitarians, on the other hand, are more forgiving and honest. Social justice and equality are important values for them. Finally, stimulation seekers are independent and curious. Having an exciting life is highly important to them. They eschew traditional practices and are more open to change.

According to Kozan (2002), traditionals usually prefer to avoid conflicts. They avoid open confrontation since it may result in the disruption of harmony and lose face. Power seekers usually choose to be competitive in terms of conflict management, since getting ahead of others is important to them. Egalitarians have a more accommodative style when faced with a conflict. They show high concern for others. Stimulation seekers, in conflict situations, try the "problem-solving" approach. They are more open to finding a win-win outcome since they are more open and creative.

Further Research and Reading

The Istanbul Policy Centre (IPC) has been involved in several initiatives including conflict resolution processes. IPC Executive Board members have been members of the Greek-Turkish Forum and the Turkish-Armenian Reconciliation Commission. In the past, a micro-project initiated by IPC, together with the Greek think-tank ELIAMEP, focused on developing civil society in Turkey and Greece. IPC also helps academics and researchers in Sabancı University's Conflict Analysis and Resolution programme facilitate events and mentors them through their dissertation processes. IPC's policy briefs, articles, reports and books can be found at: http://ipc.sabanciuniv.edu/kind/1policy-briefs/?lang=en.

The Passport to Trade 2.0 project can help you to be trained in international business culture awareness and business etiquette. They have credible, detailed, and up-to-date information on Turkey's business culture. These resources can be accessed here: http://businessculture.org/southern-europe/business-culture-in-turkey/meeting-etiquette-in-turkey/.

UK Trade & Investment has an excellent resource providing basic knowledge about Turkey. In this resource, you can find videos providing overviews of the Turkish economy, Turkish business culture, and potential opportunities, information about contract negotiations and dispute resolution, and more. The resource can be found here: http://www.turkey1stedition.doingbusinessguide.co.uk/the-guide/negotiating-techniques/.

The Swedish Trade and Investment Council has created a website about doing business in Turkey. You can access it here: https://www.business-sweden.se/en/Trade/international-markets/europe/Turkey/business-culture-in-turkey/.

Hands-on Turkish, a project backed by EU's Lifelong Learning Fund, is a website containing information about Turkish business meetings and useful phrases, business etiquette in Turkey, do's and don'ts, what to wear to a meeting, and Turkish negotiation processes. It can be accessed at: https://handsonturkish.com.

The Conflict Analysis and Resolution Master of Arts Program at Sabancı University focuses on negotiation, mediation, and conflict resolution. On their website, you can find journals, newsletters, bibliographies, and institutions related to negotiation and conflict resolution in Turkey and around the world. The program's website can be found at: http://conf.sabanciuniv.edu/en.

The Republic of Turkey's Ministry of Foreign Affairs website is a good source for information about how resolution of conflicts and mediation take place in Turkey. You can access their legal documents and reports here: http://www.mfa.gov.tr/resolution-of-conflicts-and-mediation.en.mfa.

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15

Negotiating with Managers from Spain

Eduardo Olier and Francisco Valderrey

Introduction

Few countries in the world have such a unique cultural endowment as Spain. The country is truly a land of diversity, due to its long history and interaction with many cultures. For several centuries, the Iberian country dominated a sizable area of the planet, whereas it endured foreign invasions during extended periods. Today, the country is a full member of the European Union (EU) and most international organizations. Spain attracts millions of immigrants from other countries, and its companies are extending its commercial presence worldwide. This nation has become a significant player in Europe and Latin America, while some of its corporations lead many markets in several fields, such as infrastructure, energy, telecommunications, banking, and apparel. Negotiating with Spaniards requires knowledge and skill, as managers from Spain are unique when sitting at the bargaining table. The same principle applies to other interactions with Spaniards, such as diplomacy or personal matters. In the business realm, foreign companies have repeatedly succeeded

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when they knew a little more about their local counterparts in Spain and failed when they merely made general assumptions.

When doing business abroad, Spaniards show attitudes, skills, and behaviors of their own. In this chapter, we look at those factors that make Spanish negotiators so unique. First, we glance at Spain, its historical background, and its economic base. Afterward, we describe two models that we use in our analysis, Hofstede's cultural dimension model (Hofstede, 1991) and Katz's system of categories (Katz, 2006). We present both methods to obtain a vision of the Spanish negotiator, which is, in our opinion, more congruent with the local culture and the process that most Spaniards follow during a business negotiation. Then, we review the elements that shape the attitude of Spaniards during the negotiation process, including historical and geographic influences, relationships and respect, communication, initial contacts and meetings, negotiation, agreements and contracts, gender roles in business, and other essential things to know. Next, we present a set of cases in which Spanish negotiators created agreements with foreign companies. Those enterprises belong to France, Argentina, the USA, and China. The order of the cases mirrors, to some degree, the internationalization process that many companies follow when going international. Finally, we share some thoughts and valuable advice to those who intend to engage in business dealings with Spaniards.

A Look at Spain

Spain is a country with a rich history, and its inhabitants take pride in their heritage. There are many traditional values and identities accepted as iconic of Spain, yet the nation has a diversity of subcultures. In fact, people in several regions have demands for further autonomy or even independence. Among those regions, the Basque Country and Catalunya are in occasional or more permanent political turmoil, with people taking sides in favor of or against being a part of Spain. Furthermore, those regions, including Galicia, have different linguistic identities that together add three more languages to Spain; one, Euskera, has entirely different lingual roots from the others.

In this section, we provide background information that is helpful for understanding Spaniards. We present a concise account of the making of the nation, as well as a few of Spain's many historical landmarks; history, indeed, is an essential contributor to the creation of a collective Spanish identity. Next, we present general information for those seeking to do business in that country, as well as summary data regarding its economy, trading partners, and foreign direct investment.

A Journey Through Time

Since early times, many different tribes inhabited the Iberian Peninsula. Those groups were fiercely independent and, at best, loosely assembled around military alliances. Consequently, they were no match for invaders attracted by the mineral and agricultural resources in the region. Phoenicians, Greeks, Carthaginians, Romans, and Barbarians easily dominated the land, either through military superiority or by trade. Eventually, the Arabs dominated Spain for nearly eight centuries, influencing its language, customs, and culture (Conde, 2001). After prolonged fighting with the Arabs, several kingdoms eventually succeeded in expelling the invaders, giving birth to a new nation in 1492. Spain became one of the first European countries that developed a clear national identity, with steady tax revenue, a bureaucratic apparatus, an army, a navy, and a diplomatic corps (Alfaro, 1975). Therefore, the new nation developed a sense of national identity well before other continental powers, which allowed the country to set a foothold in the Americas.

The colonization of Latin America is known as a period substantially regulated by using military power (Lafaye, 2015). Although Spaniards conquered the region through leveraging superior military technology, their leaders had to resort to negotiation techniques to prevail on indigenous peoples (Del Castillo, 2003). Many developments shaped Spain after that historical period, although the nation was gradually sinking into conflict, economic mismanagement, and general decay. The country was involved in different wars, which eventually led to financial hardship, the invasion of the Napoleonic army, and the secession of its colonies in the Americas. By 1898, Spain had to face the USA at war, and it lost almost all its remaining overseas territories. By then, the country was no longer a significant player on the world stage, in the Americas or anywhere else.

The twentieth century brought little change to Spain's geostrategic position; even though it was able to avoid direct participation in both World Wars, it could not reap the benefits of its neutrality owing to the devastation of the civil war it endured in the 1930s, which removed any possibility of recovering the grandeur of the past. The population split into two bitterly opposing factions—the Republicans and General Franco's followers—and the ensuing fighting resulted in many thousands of casualties from either side. The nation was not able to prosper again until the industrialization period of the 1960s and 1970s; even this was only a mild betterment of economic conditions, not comparable at all to the benefits of joining the European Common Market and, eventually, the EU in 1986. Prosperity lasted for some years, and during those times the state developed a protective social system known as 'Estado del Bienestar' or welfare society.

By the turn of the new millennia, Spain's economy was growing at a fast pace. However, the last recession had a very negative impact on Spain; financial development lost momentum, millions of jobs were lost, and the economy suffered. The situation started to change positively in 2013, although unemployment is still rampant, and the economic foundations are not entirely stable. Presently, the nation is a middle power, with an essential presence in Latin America and fully integrated into the EU. Nevertheless, it has some weaknesses, such as low technological development, unemployment, and a deficient educational system, among others. Furthermore, Spain's lack of hard power severely limits its presence in global affairs (Olier, 2011).

Doing Business in Spain

Today, the Spanish economy builds upon an enormous number of small- or medium-sized enterprises, with less than 1% of its companies employing more than 250 employees. Like many other advanced democracies, Spain is a hierarchical society following the rule of law. The legal system, based on civil or Napoleonic law, has been progressively adapted to EU law, thus modifying the economy according to the needs of globalization. Many Spaniards feel protected by cumbersome laws dealing with almost every possible eventuality, although they despise the complications arising from such an intricate legal framework. Still, ambiguity is ever-present, which creates fears and confusion in critical matters. In general, Spaniards favor harmony, sharing, and inclusion. There is little doubt about their time orientation, since they live the moment, rather than planning for the future. Indeed, people from the Iberian country take pride in enjoying life like no one else does, but this way of living by no means demonstrates indulgence when it comes to fulfilling work responsibilities.

As previously seen, the Iberian country encompasses a diversity of people. In addition to cultural elements, the climate is a significant factor, suited for hard work in the northern areas and for enjoying leisure activities in the warmer provinces of Andalucía, in the south. Wealth is not evenly distributed, which results in jealousy among the different communities and migration from the south to the prosperous northern cities. Inner migration, though, is more a thing of the past, overshadowed by migratory movements from the Maghreb, Sub-Saharan Africa, and Latin America.

Spain's economy is the 15th largest in the world (the fourth within the Eurozone). Tourism, communication and information technology, metalworking, mechanical engineering, agriculture, food, apparel, and petrochemical activities are the country's leading industries. Larger corporations proliferate in the service sector, which includes world-class banks, insurance, and telecommunication companies. Some multinationals operate in the energy sector and others in infrastructure building and manufacturing. Additionally, the country is the 17th largest exporter in the world and the 15th largest importer. Its main trading partners are Germany, France, China, Italy, and the UK for imports, and France, Germany, Portugal, the UK, and Italy for exports.

Regarding FDI, the country ranks 14th among the most significant recipients and investors in the world. Germany is the leading investor in Spain, along with France, China, Italy, the UK, the Netherlands, and Portugal while the primary recipients of Spanish investment are France, Germany, Portugal, the UK, Italy, the USA, and the Netherlands (OECD, 2015). Table 15.1 provides economic data.

There are additional issues worth mentioning. Unemployment has been a concern for decades, and particularly after the 2008 financial crisis. It peaked at 26% in 2012 and dropped to 18% by 2016. Spain ranked in the 32nd position out of 138 countries in the Global Competitiveness Report 2016–2017 of the World Economic Forum (Schwab, 2016), and some barriers, such as labor inflexibility, still hamper further investment. Furthermore, the political instability brought about by the secession attempt of the Catalan region has caused concerns among local and international investors. Despite those weaknesses, Spain is a full member of the EU and the Eurozone. Moreover, it enjoys the economic support of the European Central Bank and international financial institutions, facilitating trade and foreign investment.

Table 15.1 Spain, economic indicators

Indicator	Value
GDP	1199 USD billion
GDP per capita (*purchasing power parity*)	30,588 USD
Annual growth rate	3%
Inflation	2.3%
Unemployment	18.63%
FDI outflow	5582 EUR million
FDI inflow	4832 EUR million
Balance of trade	−3,134,000,000 EUR
Imports	24,574,000,000 EUR
Exports	21,440,000,000 EUR
Competitiveness index	4.68 points
Ease of doing business	32
Government debt to GDP	99.2%

Adapted from OECD Database, World Bank, 2015 and Santander Trade Portal (2016)

Cultural Analysis: Theory and Applied Discussion

Our cultural analysis draws, firstly, upon Hofstede's model. For decades, this model has allowed experts to explore cultural differences among nations, along with comparisons of specific variables. The design provides a robust instrument for cross-cultural comparison, although, over time, critics have pointed out several methodological concerns. While there are several other well-accepted models, such as those of Hall, Trompenaars, The Globe Study, or Walker and Schmitz, none is presently unchallenged by experts (Katz, 2014). After exploring these cultural dimensions, we draw a profile of the Spanish business negotiator in the next section, focusing on those variables that have a more profound impact on the negotiation process itself, according to Lothar Katz's model. His work presents a behavioral analysis of businesspeople in more than 50 different countries when dealing with their foreign counterparts. Additionally, he provides a detailed framework of the fundamental aspects of international negotiations, the cultural elements underlying the conduct and the phases of negotiation, as well as the techniques used by international negotiators. Thus, by combining both methodologies, it is possible to bring forth a profile of a national group during the different phases of the negotiation process, including expert negotiators and those of limited expertise.

The results obtained from both models serve to paint a portrait of the Spanish negotiator. Later in the chapter, we complete such a sketch with the results of a case study analysis of four different situations in which experts from Spain engage in exemplary negotiations. The selected cases concern business deals with major trading partners, including France, Argentina, the USA, and China. Katz's model divides the world into six continents: North America, South America, Europe, Africa, Asia, and Australia. Although it would be ideal to use a similar division, it would not fit well in our case. Trade and commerce or even personal travel and communication between Spain and Australia are irrelevant compared to other regions. A similar situation exists about Africa, and therefore we purposely excluded those two regions. Finally, we trace a profile of the key features of the Spanish negotiator, showing how these may vary in different international contexts.

Cultural Dimensions Theory

Hofstede's cultural dimensions theory (Hofstede, 1991) provides a systematic scheme for exploring the differences between nations and cultures, based on a six-variables value system. The variables are as follows: (a) *power*, (b) *collectiv-*

ism, (c) *uncertainty*, (d) *masculinity* versus *femininity*, (e) *time orientation*, and (f) *indulgence* (Hofstede, 2011). The model compares variables, with gradual results between two extreme attitudes or behaviors.

The answers to the following questions clarify the meaning of each dimension of Hofstede's model:

(a) *Power distance index* (PDI): How do individuals from a given culture accept rigid hierarchies and the control of power by a few? Smaller values of power distance refer to a culture with a shared decision-making process, with equality between managers and subordinates. High values of power distance describe a rigid hierarchical structure with disparities between the leader and the collaborators.
(b) *Individualism versus collectivism* (IDV): Are individuals from a given culture open to the group, and the achievement of common goals, as opposed to their advancement? Lower values of individualism indicate a society where mutual interest stands above and beyond personal interest. High values of individualism show little joint efforts, except when those actions bring benefits to each other.
(c) *Uncertainty avoidance index* (UAI): How do individuals of a given society handle situations involving uncertainty and ambiguity? Small values of this index indicate a greater openness to change, while high values imply a need for having everything under control, even if through the most stringent rules and regulations.
(d) *Masculinity versus femininity* (MAS): Does a given society embody typical male values, such as assertiveness, ambition, power, materialism, and competitiveness, or does it reflect feminine values, such as cooperation and collaboration? Individuals from feminine cultures tend to use compromise to solve conflicts, while those belonging to the masculine cultures focus on competition.
(e) *Long-term orientation versus short-term orientation* (LTO): Are individuals more prone to long-lasting, elaborated projects or do they choose shorter and more achievable plans? Individuals with a long-term orientation have a precise time conception and open attitude toward the future. Those with a short-term focus, however, are linked to tradition and commitment to social obligations.
(f) *Indulgence versus restraint* (IND): What is the importance of happiness in our lives? Societies with a high level of compliance allow their members to pursue enjoyment and pleasure. In societies with a high degree of domination, people suppress their needs and obey strict social norms.

Spaniards According to Hofstede's Model[1]

Spaniards possess a balanced position on all of Hofstede's dimensions except for uncertainty avoidance. They rank in the middle ground, between 42/100 and 57/100, in the different dimensions, except on uncertainty avoidance, with 86/100. Following is a concise description of Spaniards, as seen in every dimension.

Power Distance: Even if Spanish society does not go to an extreme, it states a clear hierarchy, providing certainty on how society is structured and who is responsible for decision-making. On the one hand, such a hierarchical society tends to be effective, as subordinates follow orders without much questioning. On the other hand, though, there are inequalities and centralized power; individuals may not provide independent proposals, share their creativity, or act when their superiors are nowhere to be seen or lack the necessary skills and abilities for leading their team.

Individualism: Spanish society is majorly collectivistic, despite a persistent stereotypical view of Spaniards as high individualists. They favor working as part of a team, taking care of those in need of assistance, while showing less sympathy for those who prefer to spotlight their talent and abilities at the expense of the well-being of all members of the group. Still, the level of collectivism varies across the many subcultures scattered across the country.

Masculinity: On this dimension, Spaniards, on average, are much different from the conventional view. As with individualism, members of the same group care for each other and avoid hostility and hard competition. Despite the hierarchical organization of society, decision-makers prefer to be inclusive and to ask for opinions and suggestions. Imposed decisions are not acceptable to many, even if they do not challenge the authorities of their leaders. Individuals are rarely left to fend on their own, and consequently, Spaniards show a gentler approach to the benefit of everyone.

Uncertainty Avoidance: Spaniards show a strong preference for certainty in a future outcome, leaving aside opportunities if potential gains bring no certainty of future rewards. Although this dimension brings forth a capacity to act together under challenging circumstances, it also deprives many Spanish managers of incentive for risk-taking and entrepreneurship.

Long-term Orientation: Spanish people look to the future with concern, while at the same time, they seek to enjoy every minute of their existence.

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[1] The main source for this section is the website Hofstede's Insights, https://www.hofstede-insights.com/country-comparison/spain/. Therefore, the document will not be further cited in this passage.

Even if they are more prone to seek immediate results, they show the capacity for long-term planning. Spanish society provides many opportunities for enjoyment, while at the same time allocating time and resources for the events to come.

Indulgence: As with the previous dimension, people in Spain find an equilibrium between enjoyment and commitment to their duties. Once again, Spaniards are haunted by the stereotype of indulgence and laziness, when in fact they are laborious people.

Negotiation Category and Negotiation in Spain

Whereas Hofstede looks into general dimensions of cultural differences across nations, Katz[2] goes more in-depth into those cultural aspects, to obtain a better portrait of the negotiator from such country. Following, we present a concise description of those factors.

The Category System

Once established the main cultural elements according to Hofstede's proposal, we focus on the negotiation process itself, following Katz's category system (Katz, 2006). This model includes the following items:

(a) *Historical and Geographical Influences* affect how historical events and traditions shape attitudes and the way of doing business.
(b) *Relationships and Respect* analyze the degree of importance that society gives to the previous contact before initiation of the negotiation.
(c) *Communication* deals with verbal communication (spoken language, the presence of local elements, style, and tone) and nonverbal communication (body language, physical distance, eye contact).
(d) *Initial Contacts and Meetings* examine the rules, formalities, time, and hierarchies respected by a given society before and during meetings.
(e) *Negotiation* represents the heart of Katz's analysis, styles, and techniques. This element includes several subcategories (Attitudes and Styles, Sharing of Information, Pace of Negotiation, Bargaining and Decision-making).

[2] The primary source for this section is Katz, L. (2014). *The Global Business Culture Guide—Hints and Caveats for Doing Business in 50 Countries around the World.* Therefore, the document will not be further cited in this passage.

(f) *Agreements and Contracts* seek to identify the process of reaching an outcome, as well as to establish the importance of final agreements and whether those should be verbal or written.
(g) *Gender Roles in Business* clarify the role of men and women in each society, as well as their influence in the decision-making process.
(h) *Other Important Things to Know* include guidelines for social behavior and interaction within society.

Spanish Negotiators, as Seen Through Katz's Model

Following is a view of the different categories of Katz's model as applied to the Spanish negotiator. Indeed, Spaniards present distinct characteristics, as shown below.

Historic and Geographic Influences

History and geography are fundamental to the development of Spain. Before the discovery of the American continent, the country enjoyed a strategic position in the Western part of the Mediterranean Sea. It was also the land with an abundance of agricultural products and minerals. After Columbus, wealth increased significantly and Spain changed into a colonial empire. After centuries of slow decline, eventually, the nation became a modern state, even if that meant the deprivation of a relevant position in world affairs. Geography defines its territory in different ways. First, the Pyrenees mountain range physically separates the country from France. Those elevations, in fact, are more than geographical barriers; in the past, they set internal geographic boundaries and a psychological division between Spain and the rest of Europe. Presently, tourism and the forces of globalization have eliminated those differences.

Relationships and Respect

Building lasting relationships is the cornerstone of any negotiation in Spain; therefore, business talks initiate after a businessperson feels at ease with a new acquaintance. Personal relationships are crucial, often prevailing over business interests. In fact, people from other cultural backgrounds are astonished to see how a replacement of their contact person will probably require starting everything all over again. Personal rapport, indeed, goes beyond friendly ties and is the prelude to joining robust networks. Those contacts may eventually develop into closer alliances fundamentally based on respect, both to the individual and to the perceived rules of the game. Even if Spaniards are mostly warm and friendly, there is a constant need to proceed with caution, tact, politeness, and respect for personal pride. Those at the bargaining table should also be courteous and mindful of rank and status while avoiding open conflict and criticism.

Communication

Spanish is a language of subtle nuances and grammatical detail. Even if widely spoken in many Latin American countries, Spaniards take pride in how they master their native tongue in the Iberian Peninsula. A pleasant conversation is necessary for well-educated people, who need to show off those abilities according to their social status. Nevertheless, senior management personnel often lack proficiency in foreign languages, although they barely concede such limitations. A formal meeting may start in English, but, unless there are mediators present, may soon switch to the native tongue, especially when discussing final terms. Consequently, it is advisable to have an interpreter present at the meeting.

Communication tends to be indirect, and negotiators should scan the environment for nonverbal clues. Animated gestures seem to be ever-present, as well as body language; silence is a sign of disagreement, and occasional smiles may disguise annoyance. Physical contact with others of the same gender is not unusual, although the main rule is to stand about 2–3 ft apart. Eye contact is frequent and regarded as a sign of attention and sincerity.

Initial Contacts and Meetings

Initial contact is of utmost importance. Some principles are fundamental at this stage, such as keeping a calm and moderate discussion, showing self-control, interrupting others as little as possible, and not being too direct. It is essential to have a third party to introduce the newcomer, reassuring others about the good intentions and honesty of the foreigner. As tedious as the process may appear, following those steps correctly will open many doors. Authority is another issue of concern. The Iberian country is a hierarchical society, and it is fundamental to ensure the presence of decision-makers at the highest possible level. No formal discussion should proceed with counterparts that are not entirely empowered, although subordinates might be a necessary connection to top executives. Having a healthy relationship with the intermediaries could influence the final accord, but the situation may become blurry since few people admit to their limited authority.

Negotiation

Once the negotiation has begun, it becomes imperative to keep in mind the impact of attitudes and styles, sharing of information, and the pace of the process. Even more critical are the subtleties related to bargaining and decision-making. Spaniards prefer long-term commitments and mutual benefit. They keep a non-confrontational style, which may lead them to give concessions, even if those are unilateral and unsolicited. They pursue a win-win strategy, even though their information is not shared with the other side. The process requires time; negotiators often perform multiple actions without a sequential order, preferring to jump back and forth between issues. Spaniards make constant appeals to personal relationships; they change the conversation at will or make multiple 'final' offers. Senior executives usually have the last word in essential matters. They may consult with others, but it is not customary to delegate responsibilities or to fully empower subordinates. Rather than applying universal rules, senior managers analyze situations on a per case basis. In the process, personal feelings, experiences, and creativity lead decision-makers more than structured analysis and planning.

Agreements and Contracts

Spaniards are risk-averse, which makes it advisable to reassure them about guarantees supporting the deal. It is important to note that the strength of any agreement lies in the honorability of the people directly involved, which needs no written protocol. Before reaching a verbal commitment, documents in print are comparable to a memorandum of understanding, more than a legally binding instrument. Since those initial reports are little more than pro forma statements, lawyers need to draw final agreements zealously. Written contracts are lengthy, detailing all terms and conditions, in an attempt to reassure the parties about the clarity of reciprocal obligations, as well as to provide mutual coverage for the unexpected. Final contracts detail the transaction meticulously, yet the signers expect a certain degree of flexibility in its performance.

Gender Roles in Business

Due to historical influences, male dominance is quite evident in many areas, especially in some industries and across the board in upper management. Nevertheless, women traveling to Spain for business reasons benefit from respectful treatment and share decision-making power. Businesswomen are at a disadvantage and more often than not, they have to work to obtain full recognition for their achievements before being treated more fairly. Women may need to develop some skills for dealing with chivalry while protecting their gender rights and dignity. It is no easy task for many foreign women in Spain to accept frequent demonstrations of gentle manners or personal compliments, which to some may be on the divide between insult and gallantry. Nowadays, however, women executives are gradually reaching upper levels in large organizations, building up women associations and non-formal partnerships to increase their power in many industries. Women's influence in the Spanish economy is growing, and it will be something important to consider when opening peer-to-peer negotiations.

Other Important Things to Know

For decades, Spain has been a leading tourist destination and is now the third most visited country in the world with more than 60 million arrivals per year. The image of a vacation spot for foreigners will probably confuse those visiting the country to conduct business. Spaniards take pride in several aspects of etiquette and protocol, and therefore, foreigners should be attentive to the environment. Those visitors who show little regard for personal appearance, proper attire, or good table manners may find themselves excluded from critical discussions. Additionally, foreigners may get confused by the abundant eating out and drinking, with no boundaries between personal and work-related meetings. On the other hand, there is little openness to including one's family in the business relationship.

Spanish Negotiators Acting in Different Cultural Settings

In this section, we look at the negotiation style of Spaniards when interacting in different cultural scenarios. We set such comparisons in France, Argentina, the USA, and China, as reflected in four short cases. Spaniards may change their behavior drastically when dealing with representatives of companies from different nations. Thus, before presenting the short cases, we look at Katz's category model, with a view of the different elements of the negotiation process. The model is particularly valuable for showing those factors that are important to negotiators from different nations, therefore presenting an opportunity for skillful negotiators to plan before starting to bargain, and to change course as subtle signs appear during the process. Table 15.2 compares the different nationalities participating in the short cases.

Table 15.2 Katz's categories

Category	Spain	France	Argentina	USA	China
Historic and geographic influences	4	4	1	4	4
Relationships and respect	3	1	3	2	4
Communication	1	3	4	2	4
Initial contacts and meetings	1	3	4	3	4
Negotiation	4	2	4	4	4
Agreements and contracts	2	3	1	4	2
Gender roles	1	2	3	2	3
Other important things to know	4	1	3	2	4

Spain versus Selected Countries. Critically important = 4, very important = 3, moderately important = 2, important = 1

Adapted from Katz, L. 2014; *The Global Business Culture Guide—Hints and Caveats for Doing Business in 50 Countries Around the World*

Inditex: Conquering the French Market

Inditex ranks number one in the global clothing retail industry. Under the name of Zara, the company opened its first store in 1975 in the city of La Coruña, a medium-sized Spanish city. A few years later, Inditex implemented a new innovative design and distribution scheme that broke apart from the traditional seasonal-based clothing production. It also developed a new information technology system capable of anticipating clothing preferences of customers depending on age, culture, or geographical factors. Additionally, the system allowed for a drastic reduction in the time required for moving products from the drawing board to full production, adding a more efficient logistic scheme, which further decreased transit time to stores. Today, Inditex offers its products through a full range of brands, and the company owns 7292 retail sites in 93 international markets with 162,450 employees. Spain is still the most prominent market with 1787 stores, followed by China with 620 and Russia with 541 stores. Amancio Ortega, the founder of the firm, is one of the wealthiest men in the world, with a net worth nearing 85 billion dollars; he still maintains a majority stake in the company.

Zara's international growth began in 1988 in Portugal, and just one year later, the company opened a store in New York. The further expansion allowed Zara to open its first shop in Paris the following year. Entering France in 1990 was a risky bet for Inditex since the country was unchallenged as the world's leader in luxury goods. At that time, people in Paris showed distinct consumer behavior according to their social status. There was no middle ground; clothing design was in the hands of the haute couture firms. Managers at Inditex saw an opportunity for selling modern, stylish, low-cost garments at reasonable prices, for which the company opened its first store in an affluent neighborhood in Paris. The decision proved to be a great success, and the company now owns 296 stores in France.

Going full speed and fighting against all the odds to conquer a new market is not a novelty for Spaniards. In fact, what Inditex accomplished in France somewhat resembles what the so-called conquistadores did centuries ago while gaining control over vast territories in the Americas and overcoming powerful civilizations, such as the Incas or the Aztecs. At that time, self-pride, faith, and striving for wealth and social advancement made strong warriors of those Spaniards of yesteryear. Indeed, they took control of fully consolidated empires with a handful of individuals, just as Zara did in France. Nowadays, the company's upper management shows the same individual bravery when venturing into new markets, demonstrating how Spanish business leaders are capable of taking risks by relying on innovation, differentiated marketing strategies, and the use of state-of-the-art technology in manufacturing processes. Indeed, many Spaniards will work together only if forced to, either by adversity or by a specific project that will unite them during a limited time.

In less than 40 years, Ortega demonstrated his capacity to lead a small enterprise into global markets, showing personal energy, tenacity, and strong individualism, just as his ancestors did before in the Americas. Understanding this distinct aspect of the personality of some Spaniards is essential when dealing directly with upper management. In fact, most companies in Spain have hierarchical structures that favor a prominent role of their leaders. Savvy negotiators should understand the level of authority of their counterpart, before attempting to use hostile bargaining techniques. Infuriated leaders may walk out of essential deals if they have sufficient power within their organization. On the other hand, having a positive personal rapport with those in charge may speed up any negotiation.

Repsol: Changing Course in Argentina

Repsol is the largest oil and gas Spanish company and one of the biggest in the world. The company is vertically integrated and operates in virtually all areas of the industry. Repsol started operations in 1987 as a part of the privatization process of energy companies in Spain, although full separation from the local government only occurred in 1997. During the following years, the organization started its international expansion, finding significant oil deposits in many countries.

As part of the internationalization process, the organization looked to the Argentinian market, where it won an international auction in January 1999, for an approximate 15% stake in YPF, the leading national oil and gas company in the South American country. After the bid, Repsol became the largest shareholder of YPF and the local dominant player. The final transaction amounted to more than two billion dollars for Argentina. In addition to the lure of money, the Spanish company used its political influence to overcome a considerable number of barriers; in fact, it appears that the involvement of King Juan Carlos during the implementation of Repsol's YPF deal was crucial to conclude the transaction. Furthermore, the Spanish community in Argentina provided additional support for the operation to come through. To this day, Spaniards continue to maintain significant influence within local societies in most Latin American countries. Although the relationship between the old colonial power and the former territories seems to be bitter at times, millions of South Americans are descendants of Spaniards or are Spaniards themselves. Sometimes, there might be misunderstandings between governments on both sides, but the influence of Spain in Latin America is easily noticeable.

At first, working relations between YPF and Repsol went smoothly. Those were the times during the presidency of Menem, who based his political campaign on a reform platform targeting the privatization of state-owned companies and the increase of economic efficiency. His early success made Argentina a rising star within the developing economies, although by the end of his term, a severe economic downturn elicited a more critical view from the population regarding private management of state resources (Bermejo & Garciandía, 2012). Eventually, by 2012, the newly elected president Cristina Kirchner pushed for the renationalization of YPF. Repsol, with no political influence at the time, had no cards to play and was on the verge of losing the whole investment. The Argentinian government skillfully framed the decision to seize YPF as a public movement against abusive Spanish colonizers, even though the real aim was to improve Cristina Kirchner's popularity during troubled political times. Repsol reacted by taking a firm legal stand and resorting to mild diplomatic efforts through Spanish foreign service channels, which proved of little avail at the time.

Repsol's CEO, Antonio Brufau, saw the need to change course in the negotiation process by using a 'stick and carrot' strategy, being hard and inflexible when necessary while reaching out to the opponent. In fact, he decided to internationalize the conflict, while engaging the Argentinian government at the same time in search of a commonly agreed solution. Repsol set up an arbitration procedure within the ICSID (International Center for Settlement of Investments Disputes), the world's leading institution for international investment disputes. Additionally, he appealed to the EU for protection of its foreign investment. Eventually, the Argentinian government found itself cornered by a new economic crisis and mounting international pressure. The

South American country agreed to pay almost five billion dollars as compensation, an amount considered fair by both parties, thus showing the successful use of international business diplomacy (Valderrey, 2016). In the end, Brufau's approach to the negotiation proved successful. More than just a personal style, his bargaining strategy reflects the tendencies of many Spaniards, who react fiercely to what they perceive is an unfair deal or a situation where their dignity or the image of their organization is at stake.

Iberdrola: Providing New Energy to the USA

Iberdrola is one of the largest electric utilities in the world. Iberdrola's revenues totaled over 33 billion dollars in 2016, with approximately 28,000 employees, more than 13 million electricity clients, and 3 million gas customers. The company is also a global player in wind energy generation, a dynamic industry that leverages the need to reduce carbon dioxide (CO_2) emissions, and significant technological improvements. Iberdrola was created in 1992 through a merger between two leading Spanish electric utilities, Hidroeléctrica Española and Iberduero. In 1995, Iberdrola started its international expansion, first in Brazil in 1995 and four years later in México. In 2006, it acquired the British utility firm Scottish Power to establish the third most prominent electric utility in the EU. In 2008, it entered the USA after buying Energy East and extended its presence in the American market in 2015 after merging with UIL Holdings in a 3-billion-dollar deal. For that purpose, both companies involved created a new organization, Avangrid. The merger was a success, and today Avangrid is a publicly traded company listed on the New York Stock Exchange. It is also the second largest renewable energy company in the US with more than 600 projects underway, 10 billion dollars in renewable energy assets across the 25 states where it operates, and close to 30 billion dollars in assets (Greentechmedia, 2015).

The UIL-Iberdrola's merge was a mixture of market knowledge and strategic play involving two main battlegrounds: on the one hand, Iberdrola had to persuade UIL shareholders about the attractiveness of their proposal; while on the other hand, they had to obtain the necessary permits from the industry regulators in the USA. The first task was more manageable, as Avangrid was prepared to give a premium of 25% over the market value to shareholders, on top of a detailed proposal showing the long-term benefits for UIL investors. The second task, though, was much more complicated, and Iberdrola decided to propose a friendly agreement with UIL while working closely with regulators. This last step was essential, as the deal needed the approval or authorities from the State of Connecticut, the State of Massachusetts, and federal regulators. The process was indeed slow, with frequent tripartite meetings involving the American authorities, the newly formed American company, and the representatives of the Spanish entity. Iberdrola leveraged on its experience in Latin America, where energy markets are strictly regulated (Montoya & Trillas, 2009). In the end, despite all legal hurdles, Iberdrola obtained the necessary permits at a record time, while satisfying all the strategic and financial objectives set before the negotiation.

This case shows the proverbial endurance of Spanish negotiators. Throughout the process, they kept a steady course while showing empathy for the needs of their American counterparts. They were working around the clock and never discouraged by the surmounting difficulties, demonstrating their resilience and keeping themselves far away from a misleading image of Spaniards as indulgent negotiators. In fact, those involved in business deals with Spanish people should be prepared to face a gentle negotiator, although endowed with high tenacity. This characteristic of the Spanish negotiator is found both at an individual level and in the corporate world. They are prone to hear the arguments from the other side, readily agreeing to many of their proposals, but Spaniards will be extremely reluctant to leave the bargaining table empty-handed, especially if they believe that their demands are reasonable.

Nutrexpa in China: With a Little Help from the Government

Cola Cao is a traditional product, made from cocoa. The cocoa powder is known to all children in Spain, eventually becoming one of the first national products to reach export markets. The parent company, Nutrexpa, proved its success during a lengthy internationalization process before turning into an industrial group marketing leading brands in the processed food industry. By 1990, Nutrexpa was ready to launch its star product in Tianjin, one of the biggest cities in China. The project was a success, and until 2015, the company sustained leadership in the cocoa powder market in China, with yearly revenues exceeding 33 million dollars. The same year, Nutrexpa sold the brand Cola Cao to an industrial group from the Philippines (Caraballo, 2010).

Venturing into the Chinese market was no easy task for the Spanish company, particularly during the 1990s. The Asian giant represented a challenge, mainly due to cultural differences as compared to the foreign enterprise. Chinese society cherishes the notion of *Guanxi*, or a networking system made up of well-rooted links, relevant contact individuals, traditional families, and people with considerable leverage over state officers and influential business people. Furthermore, the Oriental country has an outdated legal system, which provides a framework consistently favorable to the locals. Foreigners are entirely dependent upon a lawyer, as well as an interpreter and probably also a personal adviser. Chinese people score high on collectivism, which gives a leading edge to their companies in front of the outsider. Foreigners, in fact, have little clue as to the meaning of nonverbal communication and conversation occurring right in front of them. The Mandarin language is obscure to newcomers, which eventually leaves them powerless during any bargaining situation.

Whereas the situation mentioned above would be an insurmountable obstacle to most businesspeople, the managers from Nutrexpa demonstrated excellent negotiation skills. Success, in this particular case, was a mixture of various cultural elements and abilities of the Spanish negotiators. One specific element of their home culture came particularly handy: the capacity to adapt to unexpected situations. Spaniards adhere to their legal framework, but they evaluate scenarios on a case-by-case basis, thus providing the required flexibility to react to abrupt changes, unexpected demands, or hurdles that no prior planning could contemplate. A more detailed analysis of the critical factors behind the success of Nutrexpa points to patience and persistence, as well as relying on state diplomacy. Indeed, managers consistently traveled to China for almost three years, but their perseverance probably would not have yielded positive results if not for the intervention of high-level authorities at the Spanish end. The former president Felipe Gonzalez interceded personally in the negotiation process, with official diplomats backing their fellow citizens (ICEX, 2014). In a later interview, the former general manager of the Cola Cao brand, Joan Cornella, described how the company was always pushed to adapt to new requirements and pressure from all sides. According to him, 'it is important to keep in mind that once you are in China, you are Chinese.' In a moment of difficulty, the company even contacted a Feng Shui master who suggested some changes in the furniture that would favor business. Despite initial skepticism, managers saw significant improvements right after those changes.

The numbers involved in this negotiation appear meager as compared to other multinational corporations investing in China, but it is instructive for medium-size companies going international and approaching high markets. There are similar examples showing how Spaniards tend to succeed in those situations. In any event, those doing business in Spain or dealing with nationals from that country should be prepared to work with people who are fully committed to their goals and objectives. At times, Spanish negotiators may appear to give up to adversity, but, most probably, that will be a temporary halt before presenting a new round of proposals.

Final Thoughts

Scholarly debate over the negotiation processes in Spain is somewhat limited and does not allow a revealing portrait of the national negotiator. Considering the growing presence of the country in international business and the interactions of Spaniards with people from other cultures, we undertook the challenge of presenting a practical view of how they move throughout the different steps of the negotiation, while also sharing some advice regarding their negotiation style that may be useful to international managers. Thus, we hope to help those sitting at the bargaining table with Spaniards to reach mutually beneficial agreements.

In our study, we used two models, the first one analyzing the socio-cultural characteristics of a nation (Hofstede's) and the second evaluating their impact on international negotiations habits (Katz's). Additionally, using short cases, we took a glance at how Spaniards deal when exposed to cultural diversity. Those cases show us that *historic and geographical elements* are critically important. The country ranks second after China in *relationship and respect*, while *communication* and *initial meetings* play a less prominent role compared to other countries. *Negotiation* is of utmost importance in any possible scenario, and contrary to the USA and France, the word given prevails over *agreements and contracts*. Another exciting aspect is the *role of women*: in Spain, more than in other selected countries, gender issues do not seem to be a priority. Spaniards score high in the category *other things to know*, which conveys the picture of a relatively high-context society.

Our case study analysis of selected Spanish companies operating in different countries showed a profile in harmony with Hofstede and Katz's models. In the Inditex-France case, negotiators proved their tenacity and high individualism, with leadership that somehow resembles the old values of the 'conquistadores,' as well as an acute empathy that allowed them to understand the French culture and its necessities better. In the case of Argentina-Repsol, they demonstrated the capability of walking out from the bargaining table when the counterpart was not looking for a mutually beneficial solution. The cases of the Iberdrola-USA and Nutrexpa-China also highlight the ability of their leaders to adapt to alien contexts, such as the American financial market and the centrally planned economy in China. In the first scenario, Spaniards used their creativity to find a solution agreeable to all the parties involved, while in the second instance they showed their adaptability to different cultural settings and acceptance of local traditions, such as *Guanxi* or Feng Shui.

In broad terms, Spaniards belong to a collectivistic society and are more prone to consensus, rather than competition, with a short-term orientation and risk aversion. They combine endurance, strategy, and adaptation to different cultural settings, taking a structural approach and showing respect to internal hierarchies. Spanish negotiators prefer informal communication and personal and long-lasting relationships, and they feel at ease when the process is not sequential. After all, for Spaniards, closeness and personal feelings, as well as creativity, accompany or even supersede analysis and planning. Detailed written contracts show risk aversion, but the negotiator knows that the leader makes the final decision and the leader's word is more important than any written agreement.

Spaniards share different linguistic, historical, political, and economic experiences, but their nation is far from being culturally homogeneous. Therefore, it is essential to be cautious when dealing with negotiators from Spain, leaving some room for the peculiarities coming from their different regions, educational levels, and social status, as not all of them will fit into the general profile presented in this chapter. The vast majority of Spaniards will prefer integrative over distributive negotiations, which paves the way for those interested in building a durable relationship, rather than striking one-time deals. Therefore, adversarial tactics should be used with care, while emotional techniques might be far more efficient.

Finally, Spanish organizations are competing successfully in global markets, with a new generation of managers equipped with professional skills and more empathy for other cultures. This new breed of professional representatives is coming up to speed with their European counterparts. For this younger generation, mastering a foreign language is no longer an insurmountable barrier for doing business abroad, and most probably, those new leaders will behave more like businesspeople from other advanced societies. Spain itself looks positively into the future, seeking to expand its markets, maintain and grow its influence in both Europe and Latin America, and gain prominence in the arenas of international business, technology, and matters of global concern. For the time being, though, people dealing with Spaniards must know the many peculiarities that make them so unique.

Suggested Readings and Practical Information

General Information:

- Encyclopedia Britannica: https://www.britannica.com/place/Spain
- The World Factbook: https://www.cia.gov/library/Publications/the-world-factbook/geos/sp.html

Trade and Commerce:

- International Trade Centre: http://www.intracen.org/country/spain/
- Santander Trade: https://en.portal.santandertrade.com/analyse-markets/spain/economic-political-outline:

Doing Business:

- ICEX Investinspain: http://www.investinspain.org/invest/en/resources/documentation/doing-business-in-spain/index.html
- The World Bank: http://www.doingbusiness.org/data/exploreeconomies/spain
- World Business Culture: https://www.worldbusinessculture.com/country-profiles/spain/
- Export.Gov: https://www.export.gov/article?id=Spain-market-overview

Culture and Etiquette:

- Spain is culture: http://www.spainisculture.com/
- Passport to trade: http://businessculture.org/southern-europe/business-culture-in-spain/meeting-etiquette-in-spain/

Practical Information:

- Embassies and Consulates: http://www.exteriores.gob.es/Portal/en/ServiciosAlCiudadano/Paginas/EmbajadasConsulados.aspx
- Expatica: https://www.expatica.com/es/employment/Business-culture-in-Spain_102512.html
- Just Landed: https://www.justlanded.com/english/Spain/Spain-Guide/Culture/The-Spaniard

Legal Issues:

- Alliance Experts: https://www.allianceexperts.com/en/knowledge/countries/europe/contracts-and-negotiations-in-spain/
- Strong Abogados: https://www.strongabogados.com/

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16

Negotiating with Managers from Singapore

Cheryl Marie Cordeiro

Introduction: Country Background and Analysis

Broader Contexts Influencing the Current Singapore Negotiation Climate

It is difficult to fathom a 'Singaporean management style' and 'Singaporean negotiation style' without looking at the broader national context of state governance and its influence on the Singapore business environment. Although not referred to explicitly in current national discourses, the metaphor of 'Singapore Incorporated' was coined in the 1960s when the United Nations Survey Mission led by Dr Albert Winsemius recommended an industrialization programme that, in 1968, led to the Economic Development Board (EDB) to establish the Development Bank of Singapore (DBS) and the Jurong Town Corporation (JTC) for industrial development and management (Low, Toh, Soon, & Tan, 1993; Haley, Low, & Toh, 1996). The creation of DBS and JTC enabled the EDB to focus on promoting investments. In the same year, the Central Provident Fund (CPF) that had been established in 1955 extended its services to become a macroeconomic stabilizing tool that included a social security scheme for the people of Singapore and that could

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support purchases of private property and approved investments. This led to Singaporeans having increased stakes in the economy. These early government initiatives imprinted a pattern of influence; the Singapore government continues to play a central and dominant role in Singapore's strategic development policies (Sia & Neo, 1998). From its independence in 1965, the country's people have worked in a manner of co-evolution and co-creation of its socio-political economy, the discourse arena of which is mediated continuously between the different stakeholders of the Singapore society, including varying levels of actors and institutions.

Assuming little or no prior knowledge of the cultural orientation of a country, one manner of succinctly inferring national identity, the spirit of a people, and their cultural orientation is to investigate national government-led tourism marketing and branding strategies. Located at the southern tip of the Malayan Peninsula in Southeast Asia, the Republic of Singapore, with population as of January 2017 at about 5.75 million inhabitants (76.2% Chinese, 15% indigenous Malays, 7.4% ethnic Indians), has a total land area of about 700 square kilometres that comprises the main island of Singapore and about 63 small islets within its territorial waters and jurisdiction (SingStat, 2017). The main island itself is 500 square kilometres that runs ca. 42 kilometres in length and 22.5 kilometres in breadth. Located at latitude of 1.290270 and longitude of 103.851959, the equatorial island's natural deep waters have contributed to it becoming a compact cosmopolitan harbour city today. Since gaining independence from Malaysia, Singapore has run numerous tourism campaigns that capture its spirit and ambitions in a single slogan. Lacking natural resources, the Singapore Tourist Promotion Board was formed in 1964, when it was decided that tourism could be developed as a major industry for the country. The first promotion campaign focused on Singapore's immigrant history. The very origins of its founding by Sir Stamford Raffles of the British East India Company in 1819 gave the country its multiracial and multilingual heritage. The slogan 'Instant Asia' was chosen to promote Singapore as a one-stop destination for experiencing the various ethnic heritages of its people, including the Malay culture and language (native to the people of the Malayan Peninsula), the Chinese culture and the languages of southern China (Cantonese and Hokkien, apart from Mandarin)—the region from which most Chinese immigrants to Singapore arrived during the Chinese diaspora to Southeast Asia in the nineteenth century, the Indian culture and its languages (Tamil and Hindi), and the Eurasian (European-Asian) culture whose people have heritage in Briwtish, Dutch, and Portuguese ancestry. Visitor feedback given to the Singapore Tourism Board (STB) during the 1980s indicated that tourists often found the country different from—and perhaps more exotic than—what was expected. This prompted the 'Surprising Singapore' marketing slogan in 1984. Subsequent slogans were 'New Asia' (1995), 'Uniquely Singapore' (2004), 'Your Singapore' (2010), and 'Passion Made Possible' (2017), the last being a joint effort between the STB and the EDB of Singapore (McEleny, 2017). The brand personality projected was that of Singapore as a youthful, cosmopolitan nation of visionaries, balancing tradition with innovation. It projected a sophisticated, global society in which visitors—whether there for leisure or business purposes—would feel welcomed and safe (Velayutham, 2007). The country branding of Singapore reflects some of Hofstede Insights' (2017) cultural dimension indexes for Singapore's cultural orientation, specifically its centralized decision-making tendencies and cultural hierarchy of putting nation before family before self (reflected in Fig. 16.1).

This chapter illustrates, however, that whilst cultural dimensions are useful at broad levels of characterizations, the cultural orientations of the Singapore business environment are more nuanced. As such, before moving on to the theoretical framework and methodology in Sections "Brief History of Singapore" and "Theoretical Framework", we provide a brief overview of the multicultural heritage of Singapore and its complex socio-political fabric. Singapore's historical context and the challenges it faces with socio-cultural national identity-forming indicate a need for complexity understanding and management. This background is necessary to fully appreciate the ensuing

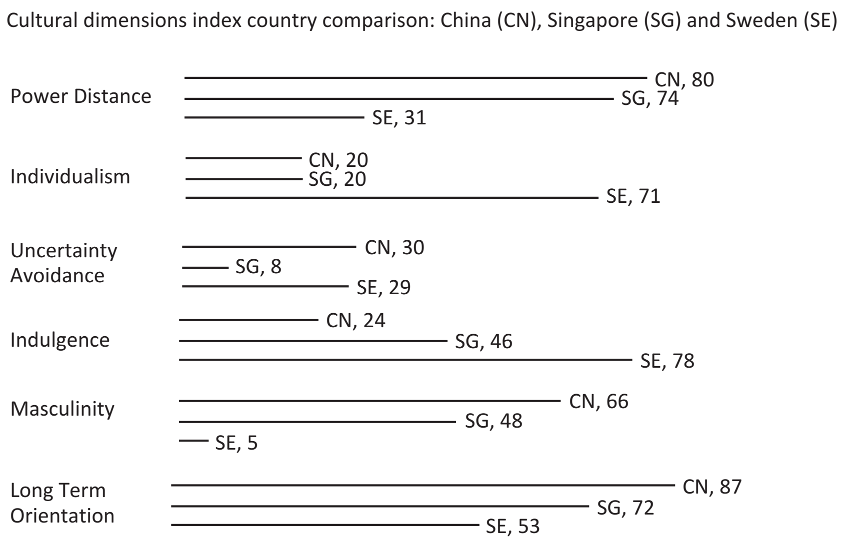

Fig. 16.1 Hofstede's cultural dimensions for Singapore, China, and Sweden, country comparison (Author's creation using Hofstede's Center Data)

mediation theory, and the pragmatics of negotiation practice would be most applicable in the context of the Singapore business environment rather than the more often-cited and more efficiently 'measurable' cultural dimensions framework (Hall, 1990, 1966; Hofstede, 1980, 2001; House, Hanges, Javidan, Dorfman, & Gupta, 2004; Triandis, 1989, 2004; Trompenaars & Hampden-Turner, 1997).

The contents of the chapter are thus organized as follows: Section "Introduction: Country Background and Analysis" provides a brief synopsis of Singapore's history and the events that have shaped its socio-cultural and political environment. Section "Brief History of Singapore" gives a theoretical framework for the analysis of the Singapore cultural orientation regarding two types of frameworks, which provide a more static cultural dimensional construct, and in addition, a more dynamic language-based social semiotic view of cultural orientation. Section "Theoretical Framework" discusses the Singapore business environment based on the working assumption that the Singapore business environment is a process-product of its historical background and the many intersections of its people who come from different ethnic backgrounds and have different mother tongues. Section "National Negotiating Styles, Strategies and Techniques" outlines the Singapore negotiation style. This is based on text examples that illustrate discursive practices aimed at two different levels of address. The first includes the broader level of state government discourse, taken from transcripts from the Singapore government, Prime Minister's Office (Text Example 1). The second level of address comes from interview transcripts from a database of 33 collected interviews of Swedish and Chinese top managers working in Swedish multinational enterprises headquartered in Singapore (Text Examples 2 and 3; Cordeiro-Nilsson, 2009). As dialectical thinking is found to be a means of semogenic (meaning-making) strategy in the process of negotiation, Section "Qualities, Strengths, and Weaknesses of the Singaporean Negotiator" gives a brief overview of the expectations (strengths/weaknesses) of dialectical thinkers. Section "Singapore Best Practice for Negotiation: Using the Pronoun Referencing System in Language to Map Perspectives" presents a means to model the processes of dialectical thinking by using the pronoun-referencing system of language. It illustrates the Negotiation Semogenesis System in a four-quadrant model, highlighting key points of interest for the negotiating processes in context. The concluding section gives a brief list of resources for further reading on the niche topic of Singapore negotiation. This reference list is not exhaustive but rather could be used as a starting point for identifying further references in other formats (books, videos, or slide-shares on the Internet).

Brief History of Singapore

Singapore and the British East India Company (1800s–c.1940s)

The British East India Company was originally a private initiative of a few individuals that grew to become a commercial body with enormous resources. Due to circumstances at the time, the Company assumed the form of sovereign power. This commercial body was formed in 1599, and through a charter given by the Crown, the Company held English trade monopoly with countries in the Far East for 15 years under the title of 'The Governor and Company of Merchants trading to the East Indies'. It was in this context that the British Governor of Bencoolen, Sir Thomas Stamford Raffles, tried to secure control of the Sunda Straits by establishing a British post at Semangka Bay and later at Callambyan Bay, in direct conflict with the ambitions of the Portuguese and the Dutch. After unsuccessfully establishing a settlement in Rhio that fell to Dutch forces in November 1818, Raffles landed in Singapore on 29 January 1819. The next day, he concluded a treaty with Tememggong Abdul Rahman who was the ruler of the small Malay community. After concluding three similar treaties with the region of Johor to the north of Singapore, Raffles was able to secure control over the entire island by August 1824 (Turnbull, 2009). By 1832, the three British settlements of Penang, Malacca, and Singapore were put under the charge of a governor stationed in Singapore, and the island eventually became the centre of government for the Straits Settlements encompassing the three colonies. As British influence increased in the Malay states and other parts of the Malay Peninsula, Singapore came to serve as a collection and distribution centre not only for goods but also for people. Chinese and Indian migrants arrived in Singapore to travel further into the hinterland, while others came to work and live on the island. The opening of the Suez Canal for steamships allowed the global tin and rubber industries to expand. This too contributed to the population growth of Singaporean multinationals in the early nineteenth and twentieth centuries.

Modern-day Singapore has, therefore, inherited a nineteenth-century British colonial bureaucracy and administration, with its roots in the view of Singapore is mainly a port of trade for the British Empire of the time. Business, therefore, was the critical purpose of Singapore's founding, and it is in international trade that Singapore will continue to build its future upon. With this, Singapore had inherited a governance style and many specific state-governing policies from the British colonial system (Lee & Chng, 2017).

Early Settlement and Multicultural Beginnings

The island of Singapore was already a cultural mix of Malays and Chinese when the British arrived in the 1800s. By the middle of the 1820s, the population numbered 12,000. Most of those attracted to the island were Europeans from the older Dutch settlement of Malacca and Chinese. The news of Singapore's establishment as a free port in the centre of an area so rich in trade also attracted many from the region of the Philippines and Brunei. This news even reached the Indian subcontinent, and a steady stream of Indians began to arrive in Singapore from southern India. Subsequently, northern Indians, the Sikhs, and Pathans arrived. A third dominant group of immigrants was from Indonesia; among them were the Javanese, the Bugis, and the Balinese who were known as excellent traders and merchants. They primarily intermingled with the native Malays and assimilated through marriage and other affiliations.

Regarding socio-cultural values in those early days of the settlement, the various cultural groups were segregated for the most part, with demarcated living areas for the Bugis, the Chinese, the Indians, and the Malay natives. These land demarcations are still reflected in modern Singapore via street and area names, such as Bugis Street, Arab Street, Chinatown, Little India, and the Malay Village. At this point, each community could be said to have been collectivistic in behaviour within their group, but in terms of the country as a whole, segregated group living, the absence of a common language, and little or no intermingling of races and nationals, meant that individuality ranked high for the various groups of people, who only met for trade purposes. The opening of schools for both boys and girls in the mid-1800s showed a European egalitarian ideology regarding the education of the young and towards equal opportunities for both boys and girls (O'Sullivan, 1984, 1988). The development of Singapore's colonial education system—including education in multiple languages through English- and Chinese-language schools—led to it becoming a more progressive society.

The Makings of Modern Singapore: Post-World War II to Independence, c. 1942 to 1965.

Singapore's colonial rule collapsed during World War II when the British surrendered Singapore to the Japanese on 2 February 1942. The Sook Ching massacre of ethnic Chinese by the Japanese claimed between 5,000 and 25,000 lives. Singapore was handed back over to the British on 5 September 1945 following Japan's unconditional surrender, and after a brief period of interim British military administration, it became a separate Crown Colony (in other words, separated from its previous administrative status as part of the Federation of Malaysia) in 1946. In May 1959 elections, The People's Action Party (PAP) won a landslide victory that turned Singapore into an internally self-governing state within the Commonwealth, with Lee Kuan Yew as Prime Minister. In 1965, due to differences in ideology that often resulted in disagreements relating to economics, finance, and politics, the Malaysian parliament voted to expel Singapore from Malaysia. In that year, Yusof bin Ishak became President, and Lee Kuan Yew remained as Prime Minister. Everyone who was present in Singapore on the date of independence was offered Singapore citizenship. Singapore's eventual rejection from Malaysia in 1965 led to the PAP fostering progressive economic development in the country via attracting foreign direct investment (FDI) from the advanced West and Japan. As a country, it achieved notable milestones in trade and development, creating, for example, the Association of Southeast Asian Nations (ASEAN) after having become a member of the United Nations in 1965 and of the Commonwealth. In 2003, it signed a Free Trade Agreement with North America. Concerning state governance and the fostering of national culture, the socio-political and economic events in modern Singapore acted as a catalyst towards the social engineering of Singapore's socio-cultural fabric. This involved implementing a set of policies which would have substantial effects across many aspects of society, from the racial mix of where people lived in public government-subsidized housing and policymaking to the fostering of single Singaporean identity. In working towards inclusive national identity, Singapore's PAP has, since the 1960s, made efforts towards integrating all races into society, based on an approach of equal rights for all regardless of ethnicity and religion.

The Singapore Way: International 'Universalism' Coupled with Communitarian-Based Values

The mental psyche of Singaporean negotiators is shaped by the context provided by their socio-political and ecological environment. To understand the Singapore negotiator, it is essential to understand the broader Singapore mentality, reflected most often in the Singapore government public discourse. The Singaporean government discourse is, in turn, shaped by the country's history and the experiences of its people. The academic debates around the 'East Asian Miracle', 'The Singapore Way' and 'Asian values' provide foundational reads towards an understanding of how the history of Singapore, its strategic geolocation and its lack of natural resources have shaped its values (Barr, 2000; Diamond & Plattner, 1998; Tan, 2000). Singapore is keenly aware of its survival. Its people have a driving need for discipline, law, and order in society as cornerstones of a viable open economy and sovereign state, where the general idea is community needs above individual needs. In this mental framework, the labels of 'Asian' and 'Western' values are secondary to what works pragmatically for Singaporeans. Dialectical thinking towards a plurality of perspectives was reflected in the way Singapore, as a country, reasoned and negotiated its own cultural identity in national and international domains. From the Singapore government's perspective, no set of values, categorized as 'Asian' or 'Western' are superior to the other, as Kausikan (1998), quoted in Tan (2000) phrased:

> It is not even what is distinctively or characteristically Asian about any particular set of values. Today's 'Asian values' debate is basically about Asian societies' future direction and development … the question now being asked … is how to sustain development over the long term, bearing in mind the pitfalls and dead ends that have confronted many more developed (mainly Western) societies … In debating 'Asian values,' they are examining such issues as the responsibilities of individuals to society as a whole, the role of family, the integrity of public institutions, and the maintenance of law and order—issues that are also widely debated in the West. Whatever the debate over 'Asian values' may be, then, it is not a clash of civilisations … The real debate is … about which values, in what degree and in what proportions, are necessary for sustained development, the maintenance of social cohesion, and the avoidance of serious problems … The appropriate balance between different sets of values—between individual rights that guarantee personal freedom, and social issues that stem from the society's needs for stability and discipline—depends on the particular circumstances of each society. The balance in each country will, therefore, shift over time, and not only in one direction. (Kausikan, 1998, pp. 24–25 in Tan, 2000, p. 99)

Kausikan's perspective highlights the evolving context of the situation within which all negotiations take place over time. The critical point is that the skilled negotiator will need to recognize the context of the situation and act based on available information and knowledge. The understanding of an evolving context of the situation (national, regional, and global environments) becomes progressively essential in the era of Industry 4.0 that enables increasing interconnectivity of people, things, and places.

Theoretical Framework

Within the field of International Business studies, culture has often been studied and measured in a cultural dimensional construct, of which the most widely used and critiqued is Geert Hofstede's model of cultural dimensions. Hofstede's work began during the 1970s, focusing on IBM employees covering 70 countries (Hofstede, 1980, 2001).

This section first analyses the Singapore business environment's cultural orientation by applying Hofstede's dimensions (Hofstede Insights, 2017). This is followed by an outline of a more nuanced *social semiotic* approach towards a deeper understanding of the heterogeneous and complex cultural fabric of the country for negotiation. Both theoretical approaches to the study of culture, the cultural dimensions, and social semiotic approaches, are mutually complementary. The former can be described as a macro-level framework that measures culture by indexes, making cross-country comparisons viable for large-scale research studies. The latter offers a macro-level framework that highlights the socio-cognitive processes of meaning-making (semogenesis) of the interacting individuals in a context of negotiation by studying not just *what* people say, but *how* they mean it.

A Hofstede Insights Analysis of Singapore Cultural Orientation and Business Environment

Due to the facts that the largest ethnic group in Singapore is Chinese (more than 70% of the population), and that there is often a comparison (even confusion) of Singapore being part of China, and that the empirical data collected for this chapter comes in the form of interviews of Swedish managers who work in Singapore with their Singapore Chinese counterparts, Fig. 16.1 shows an analysis of Singapore's cultural orientation in relation to China and Sweden in accordance to Hofstede's cultural dimensions (Hofstede Insights, 2017). According to Hofstede's cultural dimensions, Singapore is, in many aspects, closer in cultural orientation to China than to Sweden. Singapore indexes 74 in Power Distance (China indexes 80, Sweden indexes 31) which indicates that power is centralized; employees expect to be told what to do and how to do it. In both Singapore and China, individuals, for example, tend to put the nation-state and family before self. Singapore is a collectivistic society with a high score on Masculinity indicating that competition and material success are essential. This is in contrast to Sweden that scores low on Masculinity, indicating that Swedes prefer the quality of living and are most likely to find careers that suit their personalities rather than enduring an ill-liked job in return for money to achieve material success. People in Singapore abide by rules (expressed by its low index on Uncertainty Avoidance) and generally take a longer-term perspective on most things (Singapore indexes 72 compared to Sweden at 53). Singapore ranks median in Indulgence, which could indicate a more accepting approach to their desires and impulses compared to the more restrained Chinese.

A Social Semiotic Approach to Singapore Cultural Orientation and Business Environment

Singapore's socio-cultural and political fabric is heterogeneous and complex. The Singapore business environment requires a broad, eclectic scope of understanding of culture and communication that is beyond the normative construct of cultural dimensions. In a globalized and technologically advanced urban setting, discourse mediation takes place at different levels towards a function. While applying a cultural dimensions construct to the Singapore business environment could quickly summarize the country's cultural inclination, the construct tends to impose an inaccurate stereotype that may not work in a real life negotiation situation. Culture is also a living process that adapts to local and global contextual changes, thus evolving a feature that models of cultural dimensions rarely reflect. Besides, scholars within the International Business field have acknowledged that the appeal of the cultural dimensions framework assumes too much internal homogeneity of a country (Fang, 2003; McSweeney, 2009; Shenkar, 2012; Venaik & Brewer, 2013).

A complementary theoretical framework for understanding the cultural complexity and orientation of Singapore's business environment is offered by the systemic functional linguistics (SFL) view of language as a *social semiotic*. Humans use language as a social system of meaning-creation (semogenesis). In a social semiotic approach to negotiation, semiosis (the processes of meaning-making) is not performed only by the individual minds of negotiators but by social practices in a community. According to Hestbæk Andersen, Boeriis, Maagero, and Tønessen (2015):

> Meanings do not arise in the individual; meaning is a super individual and intersubjective activity, … whereby consciousness is a social mode of being. The functionality of any social semiotic system is based on a social understanding of meaning and meaning-making, as signaled with the notion of social semiotics. The social understanding of meaning is, in fact, also a cultural understanding of meaning, whereby all meanings are cultural … which are realized through grammar. (Hestbæk Andersen et al., 2015, p. 2)

As such, culture is reflected in the communicative (language-in-use) practices of society, where language is an adaptive linguistic framework of choice for its users. Users choose what to express and when to express it, with a specific purpose in mind. Using a social semiotic approach to culture and negotiation can offer deeper insight into cultural orientation, beyond the normative cultural dimensions construct. Based on an adaptive linguistic system, cultural understandings can be defined and refined in context of situation, expressed through the grammar of language and the choices users make expressing themselves. The context of negotiation includes the various backgrounds of the participating individuals as well as the physical surroundings of the location of negotiation.

The social semiotic approach to culture orientation, in which culture is both a dynamic product and a fluid process, has been investigated in other fields of study from the early 1900s. Instead of a mechanistic cultural dimensions construct, the discourse of management and organization from the early 1900s has been laced with distinct metaphors of biomorphic, anthropomorphic, and sociomorphic flavours (Allaire & Firsirotu, 1984). Anthropology and the study of human behavioural psychology discuss 'organization climate' as 'group norms' (Lewin, Lippitt, & White, 1939). The term 'cultural ecology' was coined during the 1950s with the idea that culture evolved in response to the natural environment (Steward, 1955). Culture is anchored in the context of social life (Geertz, 1973) and seen as an adaptive system with an ecological aspect as well as an ideational aspect (Fang, 2012, 2005–2006; Keesing, 1974). In this parallel evolution of cultural theory to the dimensional construct in management science, roles, norms, attitudes, and values of organizations were studied but not explicitly referred to in terms of an 'organizational culture' (Katz & Kahn, 1978). These studies rest on a non-reductionistic perspective of culture. 'Non-reductionistic', in this context, refers to the capacity of the human mind to think dialectically in problem-solving, given that events and circumstances are in a constant state of flux (DeMotta, Chao, & Kramer, 2016; Nisbett, Peng, Choi, & Norenzayan, 2001; Peng & Nisbett, 1999). The capacity for resolution of contradiction in the human mind is to be understood in its broadest sense, in terms of the formalities of logic as well as in its semantic and interpretive meaning. Mature human cognition has capacity and ability to successfully reconcile both logical and psychological contradictions into a holistic view (Fang, 2012; Graves, 1970; Hideg & Ferris, 2017; Jeste & Harris, 2010; Staudinger, 2008; Wilber, 1980).

The Singapore Business Environment and Mindset

Singapore is home to many regional head offices of foreign enterprises in the Asia-Pacific region. In terms of business environment and economic climate, Singapore (the Lion City) has often been compared to Hong Kong (the Pearl of the Orient) and Shanghai (the Paris of the East) as all three locations seem to offer a platform and point of entry to the larger Chinese domestic market. Even with lower labour costs in the surrounding Southeast Asian countries, Singapore ranked second behind New Zealand and Hong Kong among the 190 economies surveyed by the World Bank (2017). According to the World Bank (2017), it takes three procedures in the span of two and a half days with 0.6% of income per capital to start a business in Singapore. In a research study by Chauvin and Chenavaz (2017) who interviewed 52 businesspeople, the cities of Singapore, Hong Kong, and Shanghai offered leaders of multinational business enterprises (MBEs) a friendly business environment, advantageous tax policies, and socio-political stability with access to a highly skilled and educated workforce. Their interview report indicated that positive expatriate experiences in the Far East also accounted for allocating regional headquarters in these cities, 'Of the 52 interviewees, eight started their own business. Most of them (66.7%) said they did so because they found the tax policies attractive, and almost half (44.4%) said that setting up a business was very quick and easy. A third of them (33.3%) also felt that costs were reasonable and that labor law provisions were not burdensome' (Chauvin & Chenavaz, 2017, p. 64). A disadvantage cited by the respondents in this study are the high living costs in the cities. In a survey of 133 cities around the world that utilizes human resource managers' expertise to calculate compensation packages for overseas postings, Singapore ranked as the most expensive city in the world, 20% more expensive than New York and 5% more expensive than Hong Kong, which is ranked as second most expensive (Economic Intelligence Unit, 2017).

While high costs of living can threaten socio-political stability in cities, at the domestic level, Singapore's one-party state with centralized decision-making enables for agile country-level decision-making capacities that have thus far proved advantageous for its competitiveness. At regional and international levels, Singapore takes on the role of mediator. Singapore chairs ASEAN, where a consensus-seeking approach is taken to negotiating regional stability in the interest of all countries involved, as Prime Minister Lee (2017a) phrased:

> As Chairman, we are not the Commander-in-Chief. We are the honest broker. We are coordinating ASEAN, and we are bringing the parties together to help to the degree that we can to produce an ASEAN consensus because ASEAN works by consensus. Unless all the countries go along and most of the countries agree, you cannot take an ASEAN position. That is all the more so in the case of the problematic issue like the South China Sea where the strategic interests of the different ASEAN countries are not entirely the same. Our position as

> Singapore is not the same as that of the claimant states because we are not a claimant state. The position of a country which is like Laos, which is landlocked and has a border with China, cannot be the same as the position of the Philippines, which is an island nation, an archipelagic nation and has a claim on the atolls and reefs. If you look at Myanmar, it does not even have a shoreline on the South China Sea—it is on the Andaman Sea. So, the interests do not all exactly, fundamentally align, and therefore when you make a consensus, that consensus can only be to the degree that these countries do share a common perspective. As the chairman of ASEAN, we will try and foster the process of coming to such a consensus.—Singapore Prime Minister Lee Hsien Loong in a CNBC interview, 19 Oct. 2017. (Lee, 2017a)

National Negotiating Styles, Strategies, and Techniques

Use of Dialectics as Semogenic (Meaning-Making) Strategy in Singapore State Governance Negotiation

The above extract of Singapore Prime Minister Lee Hsien Loong's CNBC interview indicates the mindset and attitude of Singapore in its role of regional negotiator and mediator. There is a robust collectivistic approach to the negotiator identity indicated by use of the pronoun, *we*, in collocation with words that mean Singapore to be a *coordinator* rather than a traditional designated leader that gives instructors as what to do. If anything, Singapore is active as *mediator*, 'As Chairman, *we* are not the Commander-in-Chief. *We* are the honest broker. *We* are coordinating ASEAN, and *we* are bringing the parties together …'. Other prominent themes related to Singapore as ASEAN chair is that of encouraging consensus and relativity in perspective. The various linguistic modalities are italicized to illustrate how the concept of consensus is mediated in state government discourse in interviews, 'So the interests *do not all exactly, fundamentally align*, and therefore when you make a consensus, that consensus *can only be to the degree* that these countries *do share* a *common* perspective. As the chairman of ASEAN, we *will try and foster* the process of coming to such a consensus'.

At the national and domestic level, state governance continues to be negotiator and mediator with a more nuanced role of internal (local facing) negotiator towards Singaporeans in explaining global events and internal policies, and external (regional/external facing) mediator for Singapore on the international scene. Text Example 1 is an extract of Singapore Prime Minister Lee Hsien Loong's 2017 May Day Rally speech:

Text Example 1. Singapore Prime Minister Lee Hsien Loong May Day Rally Speech 2017 (Lee, 2017b).

[1] Things are looking up in the world economy … but there are also some risks which we should be aware of. The US is talking tough on trade. Previously, they took a multilateral, open, and win-win attitude … Now, the US is focusing on bilateral trade balances—targeting countries one by one, not cooperating in a big group multilaterally, but dealing one on one. Viewing trade as win-lose ….

[3] You are unionists, and you will know what this is about. It is a negotiation. In a negotiation, you strike a pose, and bargain for the best outcome. If you talk tough and win a better deal, that is good. But if you talk too tough and as a result, you sour the trust, relationship and cooperation, then that is a lose-lose outcome.

[4] For now, other countries want to stay open to trade … they continue to support free trade, open economies, and so on. But if this harder American line leads to a tit-for-tat fight, then things can turn sour very quickly.

[5] Between the US and Singapore, the US has a big trade surplus with Singapore. Therefore, our relations with the US are fine. Because we do not look at it as win-lose, we look at it as win-win. Our ties with the US have remained very friendly.

Text Example 1 is characterized by two concurrent strands of discourse. The first is Singapore state governance as leader and actor directed in an address to a domestic audience of fellow Singaporeans. The second is Singapore state government in its role as international negotiator on the global scene, one who negotiates in the interest of all Singaporeans. It is such nuances of behaviour and mindset in negotiations that strict cultural dimensions' theoretical framework will miss to capture. In Text Example 1, group belonging and collectivism are emphasized by the use of the pronoun *we* (as opposed to the US is referred to as *they*) in paragraph [1], 'there are also some risks which *we* should be aware of'. Group belonging, in that Singapore's state governance stands with the people of Singapore on the global scene is also emphasized in a context of global uncertainty even in times of growing global trade. Singapore does not, for example, completely share the US' view on negotiation strategies where parties either win or lose in a negotiation. Singapore's view rather supports multilateralism where negotiations are meant to work towards win-win situations (reflected in paragraph [5]). Externalities pose uncertainties and that atmosphere is reflected in the use of words that co-occur in a context such as, '*But if* this harder American line leads to … *then* things can *turn sour very quickly*'. (paragraph [4]). There is a greater conviction in the use of declarative sentences when addressing the domestic audience. This sense of certainty is conveyed in terms of the consequences of negotiation strategies, coupled with mental and material processes as predictable consequences of varying negotiation strategies: 'You *are* unionists, you *will know* what this is about … In a negotiation, you *strike* a pose, and *bargain* for *the best* outcome. *If* you talk tough and *win* a better deal, that *is good*. *But if* you talk *too tough* and *as a result*, you *sour* the trust, … *then that is* a lose-lose outcome' (paragraph [3]).

A common characteristic of negotiation behaviour observed in Singapore's state governance discourse is situational awareness and behaviour that is adaptive towards the context of the situation. As such, although Singapore is characterized as having a 'rule-following' culture orientation in the cultural dimensions framework, acute situational awareness and adaptive behaviour provide agility to react to the external environment. This cognitive behaviour can be characterized by dialectical thinking, which is a system of thoughts and beliefs characterized by the expectation of contradictions and change in the environment. It is a type of 'thinking, reflected in behaviour' that could be better explained by using a social semiotic approach to the Singapore negotiation style in terms of managing seeming contradictions. To that extent, the Singapore negotiation style can be said to consist of semogenic (meaning-making) strategies founded in dialectical thinking. Negotiating dialectically is founded on an understanding of a broader construct of integralism, where reality is viewed as processing a series of events and happenings that occur in complex, sometimes contrary interrelations (Spencer-Rodgers et al., 2009). '[H]igher dialectical thinkers expect phenomena to change over time, they tolerate and embrace contradictions, and they accept the simultaneous existence of seemingly incompatible ideas' (Hideg & Kleef, 2017, p. 1197).

Use of Dialectics as Semogenic Strategy in Singapore Chinese Manager

We've identified that what characterizes state government discourse in the context of negotiation is dialectical thinking as a semogenic strategy. But dialectical thinking in Singaporean negotiators can also be seen at the individual level, particularly when Singaporeans with a Chinese heritage speak of their experiences of doing business with Chinese people from China. One could postulate that the common Chinese heritage exerts an identity pull for the Singaporean in the duo direction of Singapore as home, whilst at the same time, sharing cultural heritage from China. At the individual level, the pull of an individual's locus of cultural heritage, what they consider to be 'their own' can be seen in the discourse of Singapore Chinese managers when they relate about doing business in China. Text Example 2 is an interview extract from respondent $P who is the co-managing director for a Swedish-owned multinational enterprise which has its Asia-Pacific region headquarters located in Singapore. When reading interview text examples, we can pay particular attention to the language use. Text example 2 is a good illustration of the use of Singapore Colloquial English in a formal (office/work) setting:

> **Text Example 2**. Interview extract from a Singapore Chinese manager, respondent $P, working in a Swedish-owned multinational enterprise. $P speaks about feeling 'less Chinese' when in China.
>
> $P: When I go to China, for example, we can speak socially okay, but still you cannot compete with the Chinese. When they speak socially, they use a lot of proverbs, and they are so natural. In Singapore, you hardly have any proverbs. They can see your Chinese *hao bai*, very bland. So they immediately know, that you are not as good as them. So we use our language *lah*, and sorry, we have to say. We have to tell them that our mother tongue is our second language. We have to tell them; it's our mother tongue, we are Chinese right, I mean, we are Chinese, you can't get away with it. But then we say, "However it is our second language." So they use that excuse, we also use the same *what*, because we are not good at it *what*. … So I say if you step into Shanghai airport or Beijing airport, and you start to speak Chinese, then you realize as a Singaporean how bad your Chinese is.

Text Example 2 is characterized by high tension expressed through $P's language use when talking about self-identity and cultural belonging. On the one hand, $P is acutely aware of his Chinese heritage expressed by relational verb processes and a negative polarity 'not' in the sentence, 'I mean, we *are* Chinese, you *can't get away* with it', yet when doing business in China, $P views himself as Singaporean Chinese who is also a representative for the Swedish multinational enterprise. This sense of competition and tension is expressed in phrases such as *compete with the Chinese*. Concerning Chinese-language competence that can define you as insider or outsider to a social group, $P senses a position of disadvantage due to being Singapore Chinese. $P sets up a similar scene between Singapore and China, the Singapore Chinese, and the Chinese from China. $P relates in Text Example 2 that he feels less Chinese, and due to that his Chinese is *hao bai* or 'very white' to mean bland in English. The modal adjuncts '*very* bland' and '*not as good as* them' in the following sentences continue to pitch an 'us' versus 'them' view.

But while realizing his disadvantage in a less-than-colourful use of the Chinese language in comparison to one born in China, $P, in a dialectical manner, leverages on that 'as an excuse' to gain a position of advantage in a negotiation context where the assumption is that some clausal terms of agreement might need to be rephrased in English, which then might entail a different meaning and consequence of the business deal.

> **Text Example 3**. Interview extract from a Singapore Chinese manager, respondent $N, working in a Swedish owned multinational enterprise. $N speaks about being a 'modified Chinese' and about dialectics in China as well as in Singapore in negotiation.
>
> $N: Yah, in [the Chinese people's] view, you are not Chinese, because you don't behave as they behave. They feel that way. So for Singaporean Chinese, when they go there they still want to find a Chinese counterpart or your success chance is lesser … when we go there, we still find … in part we are the modified Chinese; we have western influence, cultural influence, so we are the modified type. For example, we are so used to efficiency, but to the Chinese, they don't think about the concept of efficiency. For example, we stick to law and order; if I sign a contract with you, a deal is a contract, I will honour the contract even if it means I lose money. But to the Chinese, no you know! A contract is just a convenient form of a reminder. So if he signs a contract with you, and along the way, he finds for every unit he's losing money, he will not do it for you. He will come and tell you, "Can you raise the price?" And you say, "No, a contract is a contract." And then you will get into big trouble because after that, you will never do business with any Chinese, because they believe that a contract is like a memorandum. So along the way, if I have a problem, I will tell you, and you are expected to help me solve the problem also … to a western, where got such thing? A contract is a contract! See, so we over time, we learn. We realize that in a contract when you deal with a contract with people, you must have a lot of clauses to allow for further change.

There are similar theme threads reflected in Text Example 3 by respondent $N in relation to Text Example 2, by respondent $P, on thoughts about being Singapore Chinese, in relation to a Chinese from China. The negative polarity 'not' is used by $N to disidentify with being Chinese, 'you are *not* Chinese'. $N also refers to Singaporean Chinese as 'modified Chinese' due to 'Western influence'. The example of Western formal logic in contract signing is used by $N to highlight differences in the manner negotiation between a Singapore Chinese and a Chinese from China where Singaporeans tend to take a contract as rule of law, the relational equivalence of contract to 'memorandum' is phrased by $N, 'But to the Chinese, … A contract *is just a convenient form of* a reminder', 'a contract *is like* a memorandum'. In $N's interview extract, what is meant by a written and signed contract is understood differently by the two parties even within the same working context; however, Text Examples 1 and 2 illustrate the use of dialectical thinking as both means and strategy in negotiation. As such,

$N's narrative of the differences of perspective between a Singaporean Chinese and a Chinese from China on what a contract legally entails could be said to be one that highlights the continuum degree of use of dialectical thinking as semogenic strategy in the context of negotiation. The understanding of the degree of dynamism of a Chinese contract, in fact, produced a change in behaviour in $N. For $N, the resolution of differences laid not in non-continuance of business agreements, but rather, high obligation modals, *must have*, indicate the urgency and need for allowance of fluidity in processes in contracts, 'you *must have a lot* of clauses to allow for further changes'.

Qualities, Strengths, and Weaknesses of the Singaporean Negotiator

While the cultural dimensions' construct to national cultural orientation might help broadly typify the expected behaviour of a people, it is the context of a given situation and an understanding of the cognitive style of the individual(s) that you meet with across a negotiating table that plays a far more critical role when encountering individuals who think dialectically. 'Dialectical thinking represents a constellation of culturally based lay theories about the nature of the world in which social objects are viewed as inherently contradictory, fundamentally interconnected, and in constant flux'. (Spencer-Rodgers, Williams, & Peng, 2012, Abstract). High dialectical thinking has implications for human cognition, emotion, and behaviour. Studies have indicated that people from East Asian countries, notably China, Japan, and Korea tend to exhibit a continuum of dialectical thinking behaviour, the definition of which is an individual's capacity to reconcile opposing arguments in recognition that each discussion can be both true and false, depending on context (Nisbett et al., 2001; Peng & Nisbett, 1999). These studies seem to be borne out and demonstrated by the text examples we've examined from Singapore state governance and Singapore Chinese managers. Qualities of a high dialectical thinker include being able to take into account broader temporal perspectives in expectation of cyclic change (Ji, Nisbett, & Su, 2001), they exhibit greater variability in self-judgements and emotions as well as more significant change in their actual behaviours if and when encountered with new information (Choi & Choi, 2002; Hamamura, Heine, & Paulhus, 2008). High dialectical thinkers also tend to seek compromise in resolving social conflicts, as their values are grounded in integral and holistic principles that can engage and work with seemingly contradictory points of view (DeMotta et al., 2016).

Singapore Best Practice for Negotiation: Using the Pronoun Referencing System in Language to Map Perspectives

To capture the processes of negotiation as a theoretical construct requires an adaptive conceptual framework that is both systemic and systematic in the application so that it can be used to explain new phenomena. A potential cohesive framework that would allow for the analysis of dialectical thinking and semogenesis (meaning-making) from an integral world view is to use the pronoun referencing system—found in most languages of the world as a form of deictic ('pointer function') system—to systematically map perspectives and points of view (Cordeiro, 2016; Davis & Callihan, 2013; Esbjorn-Hargens & Zimmerman, 2009; Wilber, 2000, 2006). To illustrate how this model can be applied, we examine excerpts from the 2018 New Year Message by Singapore's Prime Minister Lee Hsien Loong, titled 'A strong foundation for the future' (Lee, 2017c), with an eye to understanding the various perspectives of *I*, *We*, *It*, and *Its*.

An integral world view is characterized by dialectic cognition and plurality in perspectives. Figure 16.2 is presented in a four-quadrant model that captures knowledge zones based on the pronoun referencing system in the language. The perspectives visualized in the quadrants can be seen as holons, moving from narrower to broader perspectives, with each broader perspective encompassing the narrower perspectives. The Individual Interior perspective is expressed in the Upper Left quadrant (UL, *singular subjective*) which are *I (intra)/You (extra)*. In this quadrant, reasons for individual (interior) commitment and motivation that lead to personal choices and decisions are mapped. This model is adaptive to context and user purpose because it can be used to map relativity of perspective depending on a purpose of use. If the enterprise is seen as a *singular subjective actor* in negotiation with another enterprise in a contract, then this UL quadrant maps the *singular subjective* perspective of the enterprise. The choice of the unit of analysis is for the user of the model to decide. If the level of analysis is pegged at state governance level, then state governance can be seen as a single actor, acting in the interest of the state. The concept of 'we' or 'they' implies cultural norms that an individual would adhere to when in a group. The perspectives expressed in the Lower Left quadrant (LL, *plural intersubjective*) are *We (intra)/They (extra)*. Here, the knowledge acquired is a group and organizational norms, cultural orientation, and values. Studies have indicated that perceived proximity of interests at inter-group level have influencing effects on the outcome of the negotiation, where collaboration is more likely if perceived interests are shared (Eggins, Haslam, & Reynolds, 2002; Liu, Friedman, & Hong, 2011; Thompson, 1993). The LL *plural intersubjective* quadrant maps knowledge of the traditions, norms, and beliefs of the group, including that of subcultures. In Prime Minister Lee's 2018 New Year Message for Singapore, the following lines show how the transcript information can be placed in both the UL and LL quadrants. In this case, Prime Minister Lee is both acting as Individual ('I') and he is acting in the capacity representing Singapore ('We'). Prime Minister Lee, in this instance, both embodies Singaporean's motivations and acts in the consensus of Singaporeans. The analysis of information is italicized and placed within square brackets:

> Externally, we *[LL, plural intersubjective] have* maintained good relations with countries big and small. I *[UL, singular subjective]* visited China in September and the US in October. My *[UL, singular subjective]* meetings with President Xi Jinping and President Donald Trump were fruitful and reaffirmed our strong ties with both powers. Relations with our *[LL, plural intersubjective]* immediate neighbours, Malaysia and Indonesia, are also positive. We *[LL, plural intersubjective]* are working on new initiatives that will deepen bilateral cooperation and benefit our *[LL, plural intersubjective]* peoples.

Crossing diagonally over from bottom left to top right, the Individual Exterior perspective is expressed in the Upper Right quadrant (UR, *singular objective*), which are *It (intra)/It (extra)*. The combined knowledge of UL and LL quadrants will result in a certain group or organizational behaviours, which can be empirically observed and mapped in knowledge in the UR, *singular objective* quadrant. This quadrant could also make sense of how people use objects as extensions of themselves, how the geophysical space around them is organized, and the meaning this conveys to people both inside and outside of the group. This quadrant maps human behaviour in relation to their environment. The Lower Right (LR, *plural interobjective*) quadrant would be the broadest perspective encompassing all other perspectives. It is a system-of-systems type knowledge that combines information at group and organizational levels to form network relations knowledge. Examples of such types of knowledge for the purposes of negotiation could be industry practices and policies, national and regional industry practices and policies, and so on. For the purposes of this study and in order to more coherently consolidate the data collected, the perspectives of *I, We, It, and Its* are investigated (sans intra/extra perspectives). All four quadrants are interrelated and inter-influencing in their aspects of semogenesis in the context of negotiation. In Prime Minister Lee's 2018 New Year Message for Singapore, the following lines show how the transcript information can be placed in both the UR and LR quadrants, addressing the broader environment in which Singapore as a country and Singaporeans will need to act. The transcript lines indicate too, how perspective is not only pluralistic, but that different subjects can be defined as *singular subjective* placed in the UL quadrant, depending on the context of use and meaning-making:

> Our *[LL, plural intersubjective]* external environment *[LR, plural interobjective]* will remain uncertain in 2018. The Korean Peninsula *[UR, singular objective]* is a source of growing tension and anxiety. Extremist terrorism *[UR, singular objective, as abstracted resulting behaviour]* remains a present danger. The US' *[UL, singular subjective]* approach towards Asia, the Middle East and the rest of the world is yet to be fully articulated. We *[LL, plural intersubjective]* hope to keep relations with our *[LL, plural intersubjective]* immediate neighbours *[LR, plural interobjective]* steady as they *[LL, plural intersubjective, 'They']* gear up for elections—Malaysia *[UL, singular subjective]* this year, and Indonesia *[UL, singular subjective]* the next. Amidst these uncertainties *[LR, plural interobjective]*, we *[LL, plural intersubjective]* must keep on strengthening our position at home and abroad.

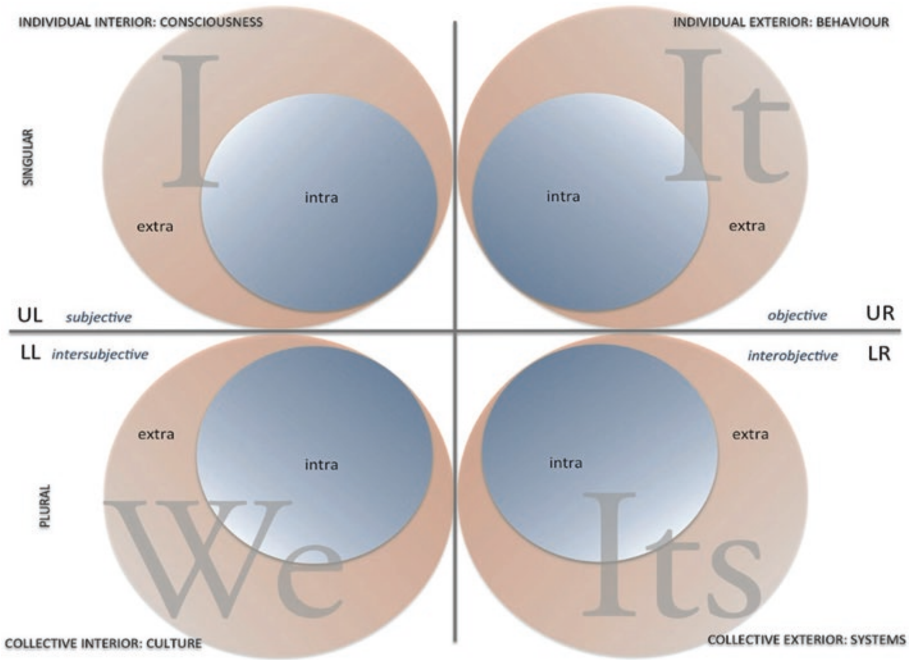

Fig. 16.2 The Pronoun referencing system in language—'I', 'We', 'It', and 'Its'—translates into four perspectives that render four different types of knowledge zones (Author's own creation: Cordeiro, 2016; Wilber, 2000)

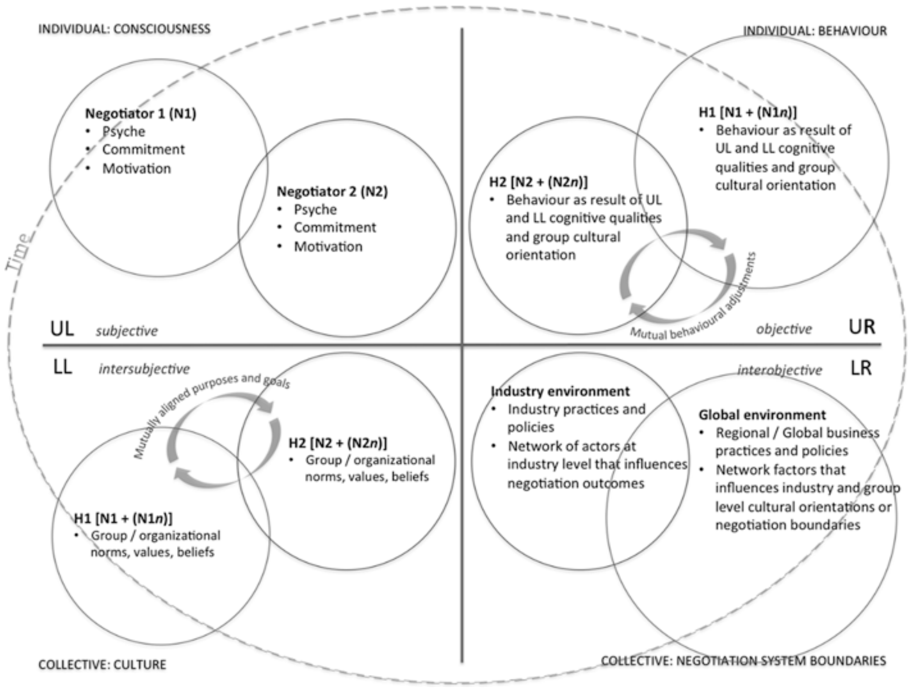

Fig. 16.3 The negotiation semogenesis system. Author's own creation

Figure 16.3 shows the Negotiation Semogenesis System, which is the pronoun referencing system in language applied to the context of negotiation. Negotiation always takes place over time. Time is illustrated as a broken boundary circle that lays in the broader contextual background; it is ever present, and depending on the negotiation's timeline, it expresses different influencing results on the negotiation process. The UL quadrant will map negotiator intentions, denoted by Negotiator 1 (N1) and Negotiator 2 (N2). For successful negotiation to take place, both N1 and N2 will need to be committed to the purpose and outcome of the negotiation. The LL quadrant maps knowledge about the perceived shared interests and goals of not only N1 and N2 but the group or organization enterprise (denoted by H in Fig. 16.3) to which the negotiators belong. As N1 and N2 might have an unknown number of group members or organizational colleagues, this uncertain number is denoted by *n*. The group is denoted as N1*n* and N2*n*. The enterprise of [N1 + (N1*n*)] and [N2 + (N2*n*)] is denoted as H1[N1 + (N1*n*)] and H2[N2 + (N2*n*)], respectively. In the LL negotiating space, knowledge about the Other's cultural orientations and values and perceived shared interests can be influencing factors on the outcome of negotiation. The combined effects of

UL and LL can be empirically observed in the UR quadrant of behaviours. Human behaviour is an external cue to semogenic or meaning-making processes, where those who do not belong to the in-group can gain insight into how life and living arrangements are made by the Other. In this negotiating space, an expressed mutual behavioural adjustment to each other might have positive influencing effects in the negotiation process. If differences are uncovered, it is in this space too that question-and-answer-type strategies can bridge cultural differences, *why do you do it this way?*

Negotiation processes are also influenced by the larger industry and global eco-environment of industry policies, environmental policies, and international socio-political relations. Negotiations conducted with LR quadrant knowledge in mind, adopting a system-of-systems perspective, might lend insight into the practical reach of negotiation goals. The LR quadrant provides the broadest boundaries of influence to a negotiation process.

The Negotiation Semogenesis System model presented in Fig. 16.3 is an adaptive integral and holistic perspective approach to dialectical thinking as a meaning-making strategy in the context of negotiation. This model can be applied to most contexts of negotiation, even outside of the Singapore business environment, because it gives a general overview of stakeholders to negotiation as a process-based activity, where many actors are involved simultaneously. The model is based on the foundational pronoun system of language-in-use, and it reflects relativity in perspective in terms of unit and level of analysis. The model can be used as a systemic means of studying negotiation processes in a systematic manner. In the case of understanding Singaporean negotiation, the model could be applied as a pre-negotiation preparatory tool of analysis, where information on group values, for example, can be researched, studied, and considered prior to the meeting. Understanding factors that affect the Singaporean business environment, such as government policies and regulations on different products and services, in different business sectors, might also facilitate negotiation outcomes in the Singapore context.

Information Sources on Singapore Negotiation

There are other approaches to the study of negotiation processes in Singapore; a brief list of resources is as follows:

Benoliel, M. (2013) Negotiating Successfully in Asia. *Eurasian Journal of Social Sciences, 1*(1), 1–18. Research Collection Lee Kong Chian School of Business. Retrieved from http://ink.library.smu.edu.sg/lkcsb_research/3538

Chauvin, C., & Chenavaz, R. (2017). The Appeal of Doing Business in Hong Kong, Singapore, and Shanghai. *Global Business and Organizational Excellence, 37*(1), 59–66.
Lim, A. (2001). Intelligent Island Discourse: Singapore's Discursive Negotiation with Technology. *Bulletin of Science, Technology & Society, 21*(3), 175–192.
Rubdy, R., & McKay, S. (2013). "Foreign Workers" in Singapore: Conflicting Discourses, Language Politics and the Negotiation of Immigrant Identities. *International Journal of the Sociology of Language, 222*, 157–185.
Tan, K. (2007). Singapore's National Day Rally Speech: A Site of Ideological Negotiation. *Journal of Contemporary Asia, 37*(3), 292–308.
Yeoh, B., & Huang, S. (2010). Transnational Domestic Workers and the Negotiation of Mobility and Work Practices in Singapore's Home-Spaces. *Mobilities, 5*(2), 219–236.
Public Resources for Speeches Given by the Singapore Government Can be Found at the Prime Minister's Office (PMO), Singapore:
PMO Singapore, *Newsroom*, Internet resource at http://www.pmo.gov.sg/newsroom

Final Thoughts

This chapter focused on the Singapore negotiation style, illustrating with empirical examples taken from both respondents in the Singapore business context and from transcripts of state government discourse, how the Singapore negotiator uses dialectical thinking as a strategy in negotiation processes. In the era of Industry 4.0 that enables greater interconnectivity, this study illustrates, too, how the Singapore negotiator is an embedded actor within a larger socio-political and ecological environmental context. The country's history and current position in its geopolitical network continues to shape the mindset of the Singapore negotiator. Being a small country influenced by regional and global economic forces, the agility and speed at which Singapore and Singaporean negotiators act is crucial, which could possibly contribute to their strategic use of dialectical thinking as negotiation strategy.

Dialectical thinking and the reconciling of two opposing points of view need not be confusing at the conceptual and theoretical levels. This is illustrated by the use of a four-quadrant model, the Negotiation Semogenesis System based on an application of the pronoun system in a functional grammar approach to the study of negotiations. This four-quadrant model systematizes points of view from individual level to group and to broader environment systems-level view. Using this model, it becomes easier to map perspectives and motivations behind negotiation processes.

While socio-political and economic environments are constantly in flux, and prescriptive recommendations might prove unhelpful at times, a strategic recommendation for negotiating with a Singaporean might be to apply dialectical thinking in relation to context. Understanding the other's point of view and what their motivation might be at the negotiation table will help focus the subject and the expected outcome of the negotiation process. Coupled with normative politeness and illustrating an understanding of the surrounding influencing events or happenings of the time, this might provide a good foundation for successful negotiation in the Singapore business environment.

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17

Negotiating with Managers from Russia

Ekaterina Panarina

Introduction

Russia is the leading country of the Commonwealth of Independent States (CIS), a political alliance created after the Soviet Union ceased to exist in 1991. The CIS was founded to create a common economic area based on free movement of goods, services, labor, and capital. This led to the construction of a smoothly operating joint system of monetary, tax, price, customs, and external economic policies and thus created favorable conditions for the development of relations between its members. The countries involved in this association have agreements to protect their citizens' rights and freedom, to coordinate foreign policy, and to effectively cooperate in the formation of common economic space. Currently, the CIS consists of the following countries: Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, and Uzbekistan. Turkmenistan and Ukraine are associate states. The CIS' unique geographical position makes it a union of Eastern Europe (Russia, Belarus, Moldova, and Ukraine), the South Caucasus (Azerbaijan and Armenia), and Central Asia (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan). Although there are significant differences between countries, some economic, political, and cultural characteristics of the states have much in common.

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Geographically, Russia is the largest among the CIS countries, and it plays the leading economic and political role. Russia has the largest population and Growth Domestic Product (GDP) among the CIS countries. In 2016 Russia's GDP was US$1283.20 billion, representing 2.07% of the world economy (Trading Economics, 2017). The Russian capital city is Moscow, and the country's population is 144.3 million people (in 2016), with a GDP per capita (in 2016) of US$14,240 (BTI, 2018, Russia Country Report). In 2017, Russia ranked 12th in nominal GDP and is considered to be a significant economic power. Russia has the following substantial resources, which assist in its economic growth: petroleum, natural gas, minerals, coal, chemicals, metals, and rolling mills. Its leading industries are machine manufacture, aircraft, ships, space vehicles, defense equipment, transportation and construction machinery, communication and electrical equipment, medical instruments, scientific tools, durable textiles, foodstuffs, handicrafts, and agricultural machinery. The country exports petroleum and petroleum products, natural gas, metals, wood and wood products, chemicals, and a wide variety of civilian and military manufactures. Among the imported goods are machinery, vehicles, pharmaceutical products, plastic, semi-finished metal products, meat, fruit and nuts, optical and medical instruments, iron, and steel.

Russia is a member of many trade organizations including the World Trade Organization (WTO), the Asia-Pacific Economic Cooperation (APEC), the Eurasian Economic Community (EURASEC), and others. Russia is a vast industrial country and was a member of the Group of Eight (G8) highly industrialized countries—together with France, Germany, Italy, the United Kingdom, Japan, the United States, and Canada—until its suspension in 2014. Russia is also a member of BRICS (Brazil, Russia, India, China, and South Africa), a group of states regarded as having the highest potential for economic growth.

Discussion of the General Business Environment

According to the World Economic Forum (2016), Russia ranked as the 43rd economy by competitive index in 2016; in its 2017 report, Russia had moved up to the 38th spot among the most competitive economies in the world. Despite the global economic recession of 2015, according to the same source, Russia "remained rather stable regarding its competitiveness. This is partly the result of strengthened fundamentals, including the quality and quantity of education and innovation capacity, along with an improved domestic business environment". However, the Russian economy remains highly dependent on mineral exports. Weak links continue to include the financial market (ranked

107th), the banking sector, aspects of institutional quality such as property rights (ranked 106th), judicial independence (ranked 90th), and corruption, which remains one of the most problematic factors for doing business in Russia (World Economic Forum (WEF), 2017). Using a different methodology, the Global Innovation Index ranked Russia 45th in the world (Cornell University, INSEAD, & World Intellectual Property Organization Report, 2017). Russia outperformed the average CIS member in all 12 “pillars” contributing to competitiveness; however, there was an unfavorable perception of corruption, tax rates and tax regulations, access to financing, inflation, inadequately educated workforce, and inefficient government bureaucracy, as well as an inadequate infrastructure (WEF, 2017).

Russia’s private sector is based on a combination of small and medium-sized firms as well as several large global corporations. Within the Fortune Global 500 list (Top Russia’s Companies, 2017), such companies as Gazprom (56), Lukoil (76), Rosneft Oil (118), Sberbank (199), and VTB Bank (478) are located in Russia. Russian companies are most prominent in industries such as oil (Lukoil, Rosneft Oil) and gas (Gazprom); its state banks are leading institutions as well (Sberbank and VTB bank) (Fortune, 2017).

“Russia continues to improve its business environment and the business climate for small and medium-sized businesses”, says the World Bank Group’s latest ease of doing business report (World Bank, 2016). Doing Business 2017: Equal Opportunity for All (2017) ranks Russia 40th out of 190 measured economies. The country performs well in the areas of “Registering Property” and “Enforcing Contracts”. For instance, it takes less than a year to settle a commercial dispute in Russia, compared to the global average of 637 days, and it only takes 15 days to register a property transfer, as compared to the global average of 51 days.

“In some aspects of doing business, the business regulatory environment of Russia is now closer to best practice. However, to foster more growth opportunities, for local firms, there is room for improvement on several fronts, in particular in increasing competition in the economy”, says Andras Horvai, World Bank Russia Country Director (World Bank, 2017). His report states that in Russia, there are no barriers against women in the area of business enrollment. The report also includes the “Paying Taxes” indicator, which covers tax audits and VAT refunds, which scores Russia relatively well. For example, it only takes 7 hours to comply with the VAT refund process, which is less time than in Norway (where it takes 9 hours) or Sweden (11 hours).

Overall, over the past 2–3 years, the Russian economy has returned to modest growth that was supported by a recovery in global trade, rising oil prices, and growing macroeconomic stability (World Bank, 2017).

The Russian Cultural System

Any cultural system includes language, religion, political system, social organization, history, economy, technology, education, values, attitudes, customs, traditions, the concept of time, music, art, and more. Below we will look at some of those variables in detail, as they relate to the Russian cultural system.

History

Russia's history is incredibly complex. Chronologically, it is divided into four periods: Kievan and Appanage (860–1689), Imperial (1689–1916), Soviet (1917–1991), and Post-Soviet (1991–present). The first includes the rule of the House of Rurik, the period of the Kievan Russian Empire, its destruction by the Mongol—Tatars, and the rise of Muscovy to recentralize the demolished empire. The second period is the Imperial Period, including the Westernization of Russia by Peter the Great and culminating with the destruction of the autocracy by the Socialist Revolution of 1917. During the third period, the Communist Party ruled the Union of Soviet Socialist Republics (USSR), until this collapsed in 1991, dividing into 15 countries. In the current, Post-Soviet Period, Russia began its path to democracy and an open-market economy.

Russia has always been a country of tremendous change, as demonstrated by its recent polar shift from socialism to capitalism. In addition, the cultural diversity between its eastern and western areas results in entirely different behavioral norms and traditions across Russia, as well as religious diversity including Christianity and Islam.

Geography

Russia extends over Eastern Europe and North Asia. It spans 11 time zones and covers 11% of all land on earth. Most of Russia is in Siberia, an area larger than Canada, covered mainly by pine forests. This vast geography determines Russia's economic activity; some estimate that it contains over 30% of the world's natural resources (Kevin, 1997).

Language

There are approximately 120 ethnic groups in Russia, speaking over 100 languages. However, Russian is the only official state language.

Religion

Russians converted to Orthodox Christianity as early as the end of the tenth century. During the 1917 Revolution, the Bolshevik government took control of the Russian Orthodox Church. The newly formed USSR became one of the first communist states to declare elimination of religion and its replacement with universal atheism as its goal. After the collapse of the Soviet Union in 1991, Russia has seen a religious renewal. According to recent data (2015), 71% of Russians identify as Eastern Orthodox, 15% as religiously unaffiliated (atheists, agnostics, and those who refer to their beliefs as "nothing in particular"), 10% Muslim, 2% other forms of Christianity, and 1% other religions.

Government Structure, Political System, and Economy

The Russian Constitution establishes the country as a federal republic consisting of 85 republics, provinces, territories, and districts.

The president is the head of state, and the prime minister is the head of government. Vladimir Putin, the current President of Russia, has dominated the Russian political, economic, and cultural landscape for the past 18 years, first serving two terms as President, beginning in 2000, followed up with a term as Prime Minister; he is currently (in 2018) serving his fourth term as president. The president is the supreme commander-in-chief of the armed forces, can veto legislative bills before they come into force, and appoints the Government of Russia and other officers who administer and enforce federal laws and policies. The president has executive power. Russia is a multi-party representative democracy. Leading political parties in Russia are United Russia, the Communist Party, the Liberal Democratic Party, and A Just Russia. In 2013, Russia's Democracy Index ranked Russia 122nd out of 167 countries (the Economist Intelligence Unit, 2014), and the World Justice Project, as of 2014, ranked Russia 80th out of 99 nations surveyed concerning the rule of law.

Russia's vast geography is a significant determining factor in its economic activity. The economy is based on its limitless supply of natural resources, including oil, coal, iron ore, gold, and aluminum. The World Bank estimates the total value of Russia's natural resources at US$75 trillion. Russia relies on energy revenues as the leading base for its development. Russia is rich in oil (the second-largest exporter of petroleum in the world), natural gas (the world's largest exporter of natural gas), and precious metals, which constitute a significant share of Russia's exports. As of 2012, the oil-and-gas sector accounted for 16% of Russia's GDP, 52% of its federal budget revenues, and over 70% of its total exports (Russia Economic Outlook, 2017).

Technology

With the creation of the Russian Academy of Sciences and Saint Petersburg State University by Peter the Great, science and technology quickly developed in Russia. The country has produced many famous scientists and inventors in physics, math, biology, chemistry, engineering, and so on.

Russian science is most celebrated for its achievements in the space race, launching Yuri Gagarin on the first successful human trip into space in 1961.

However, since the late Soviet era, Russia has lagged behind the West in many technologies, primarily in energy conservation and consumer goods production. The upheavals of the 1990s brought about dramatic decrease of state support for scientific work and saw a brain drain migration from Russia. However, a new economic boom in the 2000s has changed the situation, and the government launched a new campaign aimed at modernization and innovation in areas of science and technology with top priorities being efficient energy use, information technology, nuclear energy, and pharmaceuticals.

Education

Russia has the highest number (54% of the population) of college-level (or higher) graduates in the world (USA Today, 2014). There is a great emphasis on science and technology in education. The most significant indicator on this front is Russia's 99% literacy rate, the highest in the world (World Atlas, 2017).

Russian Personality and Values

The core values of Russian culture include five main elements (Louneva, 2010):

- friendship (developing personal relationships with people)
- warm-heartedness (valuing deep emotions and spirituality over shallowness and materialism)
- creativity in problem-solving (reflected in general trends to do things "their way", instead of relying on standardized procedures)
- fatalism (the common Russian belief that individuals have very little control over their lives), and
- perseverance (persistence and endurability are appreciated in Russian culture).

Other elements might be added: care for children, respect for the elderly, a unique sense of humor, patriotism, nostalgia, and a collectivistic outlook characterized by self-sacrifice.

National Cultural Analysis (Based on Hofstede's Theory)

We now turn to describe Russian culture by applying Hofstede's (1980) model, measuring countries across six dimensions of culture. Russia has the following indexes, which are expanded on below (Fig. 17.1):

power Distance—93
individualism—39
masculinity—36
uncertainty avoidance—95
long-term orientation—81
indulgence—20

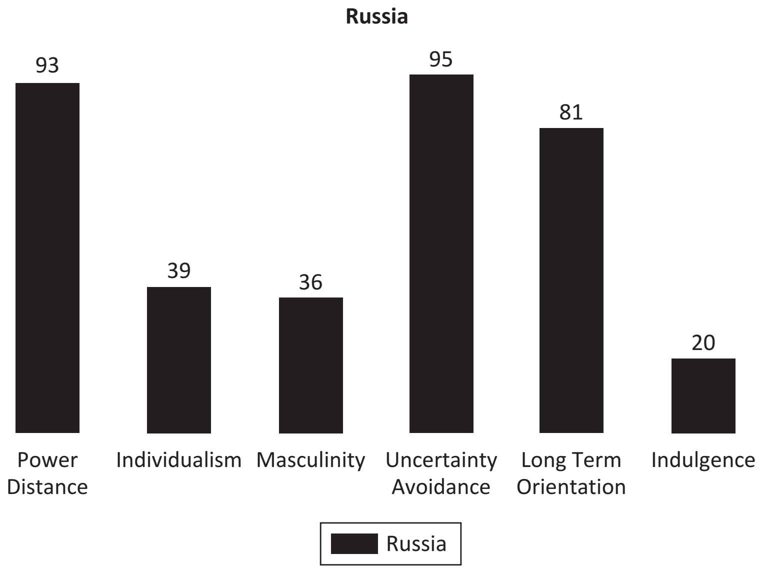

Fig. 17.1 Geert Hofstede's cultural dimensions for Russia. Author's creation using Hofstede's Center Data (Hofstede, G. (n.d.))

"Power Distance" is characterized by inequalities of power among society members and is defined as the extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally.

Russia, scoring very high on this measure (PD 93), is characterized as a nation in which large discrepancies in power status are well accepted (Hofstede, 1980). The massive disparity between less and more influential people lends great importance to status symbols. Hierarchy based on power separation characterizes Russian business. An organization's leader is the primary source of its ethical norms; subordinates would not dispute or pass judgment on his or her actions and decisions. Managers often show paternalism toward subordinates, who have a limited range of behavioral options.

In Hofstede's Individualism measure, Russia scores low (IND 39); Russia is characterized as a collectivistic country (Hofstede, 1980). The value of the group depends on its ability to protect its members. The roots of Russian collectivism go back to Slavic tribal society, the Russian Orthodox Church, and the Soviet times. Biological, economic, and social survival of individuals and the whole group, at different moments in history, depended upon strong group cohesion and discipline. The Russian Orthodox Church encouraged strong family ties and inter-group mutual assistance. Significant individual freedom was not supported during the Soviet time. Collectivism can explain many phenomena and attitudes, including the Russian bias toward a "let's wait and hope the boss will show up and protect us" mentality and low personal responsibility for solving problems.

Russia's low score on Hofstede's "Masculinity" dimension (MAS 36) shows that the dominant values in society are caring for others rather than granting primacy to competition, achievement, and success. Russia is considered a country with feminine orientation (Hofstede, 1980). It is interesting to note that in the early post-perestroika period there was a shift toward masculinity (55), yet the index of masculinity dropped to 48 in 2006. This reflects a return to traditional Russian values of cooperation, mutual understanding, shared responsibility, and interpersonal relations. It is typical for Russians—at the workplace or in a chance conversation with a stranger—to understate their personal achievements, contributions, or capacities. The dominant behavior might be accepted by the boss but is not appreciated among peers.

The dimension of "Uncertainty Avoidance" measures how a society treats the fact that the future can never be known: should we try to control the destiny or just let it happen? Russia's uncertainty avoidance index of 95 (Hofstede, 1980) reveals a need for a lot of rules and regulations to provide stability and foreseeability. Combined with Russia's high power distance, this means that people often follow the rules when they expect to be checked or controlled. In the business world, this results in a lot of paperwork, stamps, and signatures, not all of which are practically necessary but are still requested by the rules and regulations. Scoring high on this dimension indicates that Russians feel threatened by uncertain situations, and in response, they have created one of the most complex bureaucracies in the world. Detailed planning and briefing are widespread. Russians prefer to know as much context and background information as they can.

The "Long-Term Orientation" dimension addresses the notion that every society must preserve some connections with its past while dealing with the challenges of the present and future; societies prioritize these two existential goals differently. Societies that score low on this dimension prefer to preserve time-honored traditions and standards, treating changes in society with suspicion. Those societies who score high, on the other hand, take a more pragmatic approach: they encourage investment of resources and effort in modern education as a way to prepare for the future. With a very high score of 81 (Hofstede, 1980), Russia is a country with a pragmatic mindset where people believe that truth depends very much on a situation, context, and time. They invest in education and make long-term plans and relationships.

The "Indulgence" dimension captures the extent to which people try to control their desires and impulses, based on their upbringing. Relatively weak control is called "Indulgence", and relatively strong control is called "Restraint". The meager score of 20 (Hofstede, 1980) speaks of the restrained nature of Russian culture. Societies with a low score on this dimension tend toward cynicism and pessimism. Unlike indulgent societies, restrained societies do not put much emphasis on leisure time and control gratification of desires.

To add to Hofstede's analysis (Hofstede, 2001), we can depict several other Russian national cultural traits:

- Russia's Orthodox Christianity offers its believers certainty and feminine society values. Social organization is centered around the family with parents playing central roles. Good family relationships and strong friendships are vital since Russian society is collectivist. Interpersonal relationships and institutionalized obligations to family and friends are highly valued. Russia is a high-context culture with the high use of indirect, subtle, and nonverbal language.
- Russians see business relationships as a long-term endeavor, and they would rather trust the person they are dealing with rather than the company they represent. Russians are quite flexible about time management, that is, deadlines, schedules, planning, and time controlling.

Table 17.1 National culture analysis: Russia

Variables	Russia
Religion	Christian Orthodox
Social organization	Extended family centered
Language	Mid/high context
Time concept	Relative
High/low power distance	High power distance
Individualism vs. collectivism	Collectivist
Masculinity vs. femininity	Femininity
Uncertain avoidance	High uncertainty avoidance

Author's own creation

- Honoring status is a Russian business norm, related to its high power distance score. Russian culture accepts inequality as the cultural norm, and people respect hierarchy and authority. Conformity, respect, and personal loyalty to supervisors are essential for Russian employees, who expect to be rewarded for demonstrating these traits.

Table 17.1 sums up some variables of the Russian national cultural system (Khan and Panarina, 2017).

Now that we have introduced Russian national culture, we can discuss the best style for negotiating with Russian businesspeople.

Negotiations with Russian Businesspeople

In general, many Russian businesses retain a strong hierarchical structure. Age, rank, and protocol are usually valued. Russians respect status and accept hierarchy, and therefore employees regard those in authority with respect. Russian managers are generally autocratic and paternalistic. Employees hesitate to participate in decision-making actively or to take upon themselves decision-making responsibilities and risks. High power distance and centralized decision-making are characteristics of Russian management. The manager makes the decisions, and their employees accept it without criticism. Usually, managers do not delegate decision-making to their subordinates. Decisions are generally made at the top and passed on to the lower levels through hierarchical channels. In Russia there is a tendency to avoid uncertainty; therefore, organizations create a high number of written rules and procedures. For Russians, time is "flexible": being late is not perceived as being rude, and deadlines are "stretchy". "Westernized" time management practices are not easily implemented in Russia, planning is not meticulous, and prob-

Table 17.2 Corporate management analysis: Russia

Variables	Russia
Management style	Autocratic and paternalistic
Decision-making process	Centralized and individualized
Staffing procedures	Connections, references
Control	Technical control is accepted
Time management	Punctuality varies
Role of religion at the workplace	None
Motivation strategies	Social recognition and economic benefits

Author's own creation

lems are usually solved under pressure at the last minute (Bloom, Genakos, Sadun, & Van Reenen, 2012). Table 17.2 sums up some of the variables of Russian corporate management culture.

As a foreigner working in Russia, it is important to establish your qualifications and authority quickly, as status and technical expertise are highly regarded. Although firmness and dignity are of high value, it is advisable to appear open and friendly as well. For successful cross-cultural communication, be aware that at first Russians may seem stiff and reserved, but they usually open up during socializing. Relationships are often built through after-work socialization. Most Russians do not trust people who are "all business". Meals and entertainment provide a way to get to know you as a person. In Russia, schedules and deadlines are often viewed as flexible (Gelfand and Brett, 2004, Spier, 2005). However, intercultural interactions and global expansion cause many Russians to adhere to stricter standards of keeping schedules. When doing business with Russian companies, it is advisable to reinforce the importance of the agreed-upon deadlines and explain the possible effects of delay on the rest of the process.

Styles and Strategies of National Negotiation

When doing business with Russian managers, keep the following issues in mind:

- Meetings and negotiations take time. Russians, mainly middle-aged and older, do not like being rushed.
- In the first meeting, it is advisable to act dignified and firm, yet friendly. After the relationship is established, you can show yourself to be trustworthy, practical, and sincere. Russians do business only with those they like and trust. Firmness, sincerity, and reliability are respected.

- It takes time to build relationships since people dislike being rushed, patience is of critical importance.
- When attending business meetings and meals, dress in formal, conservative office clothes; this advice holds for both men and women.
- Although meetings may begin considerably late, foreign visitors are expected to be punctual.
- When meeting someone for the first time, you should offer your business card. You may not always get one in return. Cards with one side in English and the other in Russian are very useful.
- Small talk usually proceeds from the main discussion, and its duration may vary. Respect the pace set by your counterparts. Remain firm and dignified, and approachable at the same time, abstaining from patronizing or aggressive behavior. Be patient and do not try to speed up your agenda.
- Russians appreciate foreigners taking an interest in the Russian language, so an attempt to learn or speak even just a bit with them in their language is a good idea.
- Bringing up the subject of Russian culture and history will be appreciated.
- It is important to respect authority and formality, so never use first names unless invited to do so.
- Teams of negotiators usually run the negotiations. Teams should be well aligned, with roles assigned to each member. Provide details on titles, positions, and responsibilities of attendees ahead of time.
- Meetings are often lengthy, yet may still not achieve agreement. Bring enough background and supporting information to discuss details if necessary.
- Russians follow the rules and procedures during meetings called "protocol". There is an agenda for each meeting and the major discussion points are often signed at the end by everybody present. However, nothing is finalized until a contract is signed. Even then, Russians can modify a contract to suit their purposes.
- Concessions may be tough to obtain. Russians can be extremely patient, persistent, and stubborn. Compromise is often viewed as a sign of weakness and Russians may not change their position unless the other side offers sufficient concessions or demonstrates unusual firmness. Posturing and maneuvering are inevitable.
- After the contract is signed, invite your counterparts to a meal to celebrate the beginning of a long-lasting personal and business relationship. This will help your local partners to see you not only as a business partner but also as a reliable contact.

National Peculiarities in Resolving Differences, Disputes, and Conflicts in Business

It is essential for Russians to establish long-lasting personal relationships before doing business with people. Doing business requires trust, and trust is necessary for building a relationship. Personal and genuine relationships are indispensable for successful negotiations. Using gifts to help facilitate connections is normal.

The Russian word *svyasi* means connections and refers to having friends in high places. *Svyasi* is often required to cut through red tape.

In Russia, as a high-context culture, negotiators have a tendency toward "indirect, ambiguous, cautious, nonconfrontational, and subtle ways of working through communication and relational tangles." (Moore and Woodrow, 2010, Salacuse, 2003, Thompson, 2009).

We've noted that Russians are hard to bargain with and that they usually stick to their position, seeing compromise as weakness. However this is tempered by their cultural predilection toward harmony; conflicts are considered destructive to business negotiations, and displaying negative emotions or losing one's temper in public is inappropriate. If a conflict occurs, Russians try to resolve it, sometimes by inviting third parties to assist. Therefore, negotiating with Russians, one can generally insist, politely, respectfully, and professionally, on issues of critical importance to them without fearing that things will get out of hand. Wait for your counterpart's desire for harmony to bring things back into a productive mode, and don't try to move the deal along faster than your counterpart. Remember the Russian proverb "do not hurry to reply, but hurry to listen". Russians don't make hasty decisions (Refkin, 2013) and try to avoid losing face; both of these require you to be patient and give their internal processes all the time they expect.

Russian Negotiators: Values, Strengths, and Weaknesses

To be successful in negotiating and establishing relations with Russian business partners, one needs to know their core values, strengths, and weaknesses (Acuff, 1992, Lewicki et al., 2007, Cavusgil et al., 2013, Ebner, 2017). These include the following.

- Russian culture is very collectivistic, and there is no concept of privacy.
- Business relations are founded on personal relationships.
- Trust is of the next highest value. Russians prefer everything to be real, true, and honest.
- Most Russians have an imperial identity, are very patriotic, and are proud of their historical and cultural heritage, heroic ancestors, and Russian arts and science. It is advisable to familiarize yourself with those matters and demonstrate your appreciation for Russia's history and culture.
- Located in Eurasia, Russia has borrowed a lot from the Asian mentality, for example, polarized gender roles, the hierarchy in management, high respect for authority, and family orientation. Another dimension of the highly patriarchal Russian culture is their respect for strong leadership. The power of a leader is powerful and immutable.
- Business etiquette in Russia is very gender oriented. Women receive compliments and other gestures from men, such as helping them with their coats or heavy bags or covering a bill in a restaurant. Gender differences are also quite visible in the dress code. Russian women tend to dress in a feminine and attractive manner in the office.

Experts in Russian negotiations describe the Russian negotiating process as follows: "(a) serious, time-consuming, adversarial process … with expectations that one negotiating side will dominate and the other will lose. Naturally, the Russians want to win. The negotiations in Russia take a long time. Patience is a required quality. Russian negotiators are extremely methodical and won't expedite the negotiating process unless it's in their best interests" (Brett, 2014). "Russian negotiators can perform multiple tasks simultaneously. Unlike Western negotiators, who tend to address topics sequentially, they can jump back and forth, which is difficult for foreign negotiators. With their respect for authority, Russians make decisions at the top with very little, if any, input from those below" (Katz, 2008).

Delays in responding are not unusual and should be anticipated and accepted, including responses to requests for information or drafts of legal documents. Often, this is due to the complicated process of coordinating between many different people within your counterpart's organization. It is common to receive valuable information very late, sometimes shortly before the contracts are supposed to be signed. There is a language barrier, as almost all Russian deals are conducted and documented in Russian; most Russian managers do not have a good command of the English language.

Exceptions to National Negotiation Culture: Subcultures, Contextual Differences, and Change Process

For Russia—with its great variety of languages, traditions, ethnicities, and cultures—the aspect of ethnicity is fundamental. Over the centuries, Russia has been developing into a multinational state, where diverse ethnic groups have had to mingle, interact, and connect with each other, in domestic and professional environments. Russia's cultural creed on this topic is: we are a unique multiethnic society, and we are a united people (Schecter, 2013).

About 80% of the population of contemporary Russia are Russians, and the remaining 20% are from more than 180 other nationalities (Russia Management Guide, 2017). The major ethnic groups are Russians (80.9%), Tatars (3.9%), Ukrainians (1.4%), Bashkirs (1.15%), Chechens (1.04%), and others.

Among the 85 entities which form the Russian Federation, 21 national republics are homelands to a specific ethnic minority. Nobody living in Russia is forced to forego their religion or ethnicity. However, no one has the right to put their ethnic or religious interests above state laws. All ethnically diverse people identify themselves as citizens of Russia, and school programs are primarily built to emphasize the Russian language, Russian literature, and Russian history. The Russian Constitution recognizes Russian as the official language. However, individual republics may use their national language in newspapers, magazines, TV channels, and radio stations, and some schools in these republics provide teaching in Russian and in their national language.

Russia is also home to small groups of indigenous peoples in the North and Far East, who maintain very traditional lifestyles, often in hazardous climatic environments, while adapting to the modern world. The traditions and rights of this category of people are protected by legislation and by the state government.

Final Thoughts

This chapter has discussed variables of national and organizational cultural systems affecting strategies for negotiating with managers from Russia. Russia is a country that evolves on a daily basis. Being the largest country in the world by land area and a transcontinental country extending over Northern Asia and Europe, it has a unique and original national culture. Russia is characterized as a collectivistic country as evidenced by Hofstede's cultural dimensions. Biological, economic, and social survival of individuals and the entire group under conditions of hardship experienced in many historical epochs required strong group cohesion and discipline. Traditional Russian values, therefore, include cooperation, mutual understanding, and interpersonal relations.

Understanding the dimension of power distance is vital for understanding Russian corporate culture. Hierarchy based on power separation characterizes Russian businesses. The boss of the organization is the source of key decisions, awards, and punishments. To make the most of your negotiations with Russian counterparts you need to understand their dominant management style. Russian companies follow a strict, clearly defined hierarchy, with decision-making conducted by top management and little delegation to middle managers. Formality is appreciated, and use of formal language and titles is appropriate (Louneva, 2010).

High uncertainty avoidance in combination with high power distance means that people stick to rules and formal procedures, paperwork, and bureaucracy. To get to know their counterparts, Russian businesspeople will invite them to an entertainment event, such as restaurants, sauna, sports matches, and so on. Russian people are often very distanced and formal in public, but open, friendly, and informal in private. Once good personal relationships are established with Russian counterparts, the entire negotiation process will be more flexible, filled with appreciation and dedication. Connections are very important; knowing the right person in a high position can be invaluable for moving a process forward. Doing business in Russia calls for flexibility and patience. Successful companies in Russia adapt quickly to changing circumstances and new laws and regulations. Russians pay a lot of attention to the way people speak. It is always wise to be mindful of the language you use and to speak in a calm, moderate tone of voice. As in any country, Russian colleagues will be pleased when you try to speak even a few words in their language. The handshake is an extremely common form of greeting between men but not as widespread between the sexes. Between a man and a woman, a nod is usually sufficient, and a man should wait for a woman to offer her hand. Eye contact is very important and must be maintained if an individual is being addressed.

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Part IV

Negotiation Across Cultures: Multinational Analysis

18

Negotiating with Managers in a Multicultural Context: The Unique Case of Dubai

Haruka Marufuji

Introduction

This chapter discusses negotiations in Dubai, United Arab Emirates (UAE). Dubai was chosen as it is one of the most multicultural cities in the world. Dubai is a city-state, located within an emirate of the same name.

The country is less than half a century old, yet Dubai has risen by leaps and bounds to become a premier global business hub and tourist destination. It has attracted the eyes of the world with its ultra-modern Burj Khalifa tower, enormous shopping centers, and extravagant entertainment attractions, all of which pose a shocking contrast to the surrounding desert. As the city is still evolving at a fast rate, we found many people interested in learning and examining the ways of negotiating with managers in this culturally complex and seemingly fast-paced environment. Dubai is a unique environment in that over 85% of its residents are expatriates and less than 10% of its population is considered local—Emirati. As such, business negotiations, at least on the surface, seem to be multicultural by default. Is this really so?

We begin by exploring the background of the city through discussing its history, economy, and business environment. We then take a brief look at the

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literature on culture and negotiation and continue to consider the positioning of UAE on Hofstede's (2001) cultural dimensions model. Afterward, we examine the negotiation style in Dubai, followed by a discussion of the impact of culture on negotiation in Dubai. A section is then dedicated to voices of negotiators in Dubai, sharing accounts of business professionals in the city, before we conclude with some useful information to keep in mind when negotiating in Dubai.

The History, Economy, and the Business Environment of Dubai

History

The UAE is situated in the Middle East, bordering the Gulf of Oman and the Arabian Gulf. The country covers a landmass of 32,300 square miles and sits between Oman and Saudi Arabia, on a strategic location along the northern approaches to the vital transit point for the world crude oil, the Straits of Hormuz (Rugh, 2007).

The tribes populating the area before 1853, the advent of the British rule in UAE, may be described as semi-nomadic Bedouins. Anthropologists have referred to Arab tribes as being agnatic, patrilineal descent social groups who name themselves after an eponymous founder, in which they are linked by "Asabiyyah" (or "asabiyah"), and are loyal to a chieftaincy or sheikh, who bears responsibility for the protection of the group (Khoury & Kostiner, 1991). In the pre-oil sheikhdoms, Dubai became the main commercial port of the Trucial States following the political instability in Persia and the decline of commerce at the port of Linga (Onley & Khalaf, 2006). In addition, Dubai's strategic geographic location played a significant role in the dramatic increase of trade in the region. However, the UAE region was largely considered to be an inhospitable, arid desert with a mainly poor population of Bedouin tribes, traders, and pearl divers until the mid-1960s (Al-Majaida, 2002). After the departure of the British, the UAE was formed as a country comprising six emirates, on December 2, 1971, with Ras Al-Khaima joining as the seventh emirate in 1972.

Today, the UAE is a modern country with a highly diversified economy, with Dubai—its key city—serving as a global hub for retail, tourism, and finance. Emiratis combine modern and traditional views in their interaction with other cultures.

The history of the UAE provides the background necessary to explain the characteristics of the Emirati society:

- Intermittent phases of wars involving the British, Portuguese, and Ottomans.
- Isolation from other countries—with the exception of the UK: In the book "The Judicial System in The Trucial Coast," Noora Saqr Al Falahi (2014) argues that the 1892 treaty the UAE region under British protection falling just short of a formal protectorate had a profound role in isolating the country for a long time, which impeded development in comparison to other communities in the region at the time.
- Past economic growth that produced dependency on one single source of revenue: The economy had initially been fueled by trade in pearls, which later disappeared due to other countries such as Japan developing more advanced pearl growth techniques.
- Oil discovery in 1958: This produced a network of alliances with Western countries and the ultimate decision to use oil revenues for the development of the nation's infrastructure.

Economy

Dubai's modern economy was originally built on the shoulders of its oil industry, which developed rapidly after oil was first struck in the mid-1960s. Since then, Dubai has developed a diverse economy, and by 2000, the oil sector accounted for just 10% of Dubai's gross domestic product (GDP). The government's decision to diversify from a trade-based but oil-reliant economy to one that is service and tourism oriented is said to have triggered the property boom of 2004–2008 which made Dubai one of the fastest-growing cities in the world (Azmy, 2014). This, in turn, brought an influx of expatriates of various nationalities eager to work in a modern, tax-free city full of opportunities.

In Dubai, technology, media, and finance businesses can be easily established and wholly owned by foreigners in the free-trade zones—special economic zones set up with the objective of offering tax concessions and customs benefits to expatriate investors.

The liberalization of the property market in 2002, allowing non-nationals to buy freehold property, has contributed significantly to a powerful boom in the construction and real estate sectors. Today, although Dubai has focused its economy on tourism by building hotels and developing real estate, the city also has thriving manufacturing, finance, and information technology sectors. In particular, the government is keen on local manufacturing as a new source of economic development. Strata in the aerospace industry and Zarooq Motors in the automotive industry are two of the significant government-led investments made in the local manufacturing sector in recent years. The city also hosts numerous multinational companies such as General Motors, Sony, IBM, AT&T, and Shell. Dubai is considered the top business gateway for the Middle East and Africa, and many multinationals manage their operations in India, in addition to the said region, out of their Dubai office.

Immigration

While there has been an influx of immigration to Dubai since the late 1960s, local values remain relevant even though 90% of the current population are "foreigners." As the "local" Emiratis constitute roughly only 10% of the total population, UAE is home to one of the world's highest percentage of immigrants. This can be attributed to the country's relatively liberal society compared to some of its neighbors (Khamis, 2015). Most expatriates in the UAE reside in Dubai and the country's capital, Abu Dhabi (Jure, 2015).

According to a publication by Jure (2015) in the *BQ Magazine* which is often cited by regional newspapers for estimates on figures of foreign nationals in the Gulf Cooperation Council (GCC) region, the population of Dubai is approximately 2.8 million—out of which only 9% is Emirati. A total of 71% of the population is Asian in origin, majority of which are Indian and Pakistani: Most working in services (predominantly retail and hospitality) and blue-collar professions (mostly in construction). British citizens are the most represented Western nationality. These numbers take into account short-term expats as well as long-term residents. Emirati nationality law primarily follows *jus sanguinis*, a principle of nationality law by which citizenship is not determined by place of birth but by having one or both parents who are citizens of the state. However, the woman's ability to pass Emirati citizenship on to her child or spouse is limited, whereas a child born to an Emirati father automatically is a citizen by descent.

The author has noted, from discussions with local business professionals, that encountering Indian, British, French, Lebanese, and Egyptian nationals at the negotiation table is most common, particularly in the private sector. While government entities also occasionally hire people from various backgrounds, they usually employ Emiratis. Foreigners dealing with Emirati nationals in those positions are often taken aback by the contrast between their youth and the seniority of their title. One Canadian manager in the education sector who deals extensively with government entities mentioned:

> *I can tell you we rarely see so many youths with such business titles elsewhere. Then again, you can try to look at it from the point of view that the government is fully supportive of its younger generation … which is admirable. Some I am sure deserve the positions they are in, but others, I am not sure of. Yes, I know this region is all about relationships, which means connections count much more so I can see clearly how some people get far with their family name. On a day to day business, I honestly feel there is a knowledge gap that needs to be addressed.* (N.S, personal communication, September 3, 2017)

The Middle East has one of the youngest populations in the world, with 34% of the population under the age of 14 and 44% under the age of 20, according to Weir (2013). The "youth bulge" phenomenon is common in many developing nations whereby the proportion of young people distorts the population pyramid. Unfortunately, the youth bulge, combined with the rapid population growth, results in people being promoted beyond their capability and at a more rapid pace than what is traditionally considered to be appropriate. In fact, it is not only the region's workforce that is young but also the private sector market in its entirety. Consider when some of the leading companies in the region were created: Emirates Airlines was founded in 1985, Emaar Properties in 1997, Etihad Airways in 2004, and DU, the Emirates Integrated Communication Company, only in 2005 (Weir, 2013).

It is interesting to note that some view the reason for the UAE being the home of immigrants from all over the world, is that UAE nationals feel that there is shame in working in the private sector, and resist these jobs, creating the need for expatriates to fill them. Often, we hear the reason as being simply because people feel their families are uncomfortable having a family member in such a role (Almazroui, 2016; Swan, 2013). One way or another, it is a fact that the majority of Emiratis prefer to work in the public sector.

"Emiratisation" (or Emiratization) is an initiative by the government of the UAE to employ more UAE nationals in a meaningful and efficient manner in the public and private sectors. While the program has been in place for more than a decade and results can be seen in the public sector, the private sector continues to lag behind, with citizens only representing 0.34% of the private sector workforce. While there is a general agreement over the importance of

Emiratization for social, economic, and political reasons, there is also some contention as to the impact of localization on organizational efficiency. It is yet unknown whether, and the extent to which, employment of nationals generates returns for multinational enterprises (MNEs) operating in the Middle East. Recent research cautions that localization is not always advantageous for firms operating in the region, and its effectiveness depends on a number of contingent factors (IBP.Inc., 2016).

Cultural Immigration

The people whom we call "local" today also have diverse origins. In 1904, John Gordon Lorimer, an official in the Government of British India, was dispatched along with a group of researchers to the territory that today comprises the UAE in order to study the tribal makeup of the land; he detailed up to 44 tribes in the area (Al Qassemi, 2013).

At the turn of the nineteenth century, merchants moved to the free trading port of Dubai. Over the next few decades, substantial migration took place from southern Iran, East Africa, and Pakistan, as well as many parts of the Arab world. Many of these immigrants assimilated and enriched UAE society, becoming citizens of the newly created state. Mixed marriages and a more international migration ensued, further diversifying the population (Al Qassemi, 2013). As of the foundation of the UAE, a single identity developed despite—even enriched by—this diversity. Tribal communities from India, Tanzania, and many Arab communities have enriched the early days of the UAE. While many families who immigrated to the UAE over the past century maintain their ancestral traits and customs, these families have largely assimilated to form the modern definition of an Emirati. Today, the cultures of these immigrants and natives have amalgamated into what has become the Emirati identity (Al Qassemi, 2013).

The Bedouin culture is one of the foundational pillars of UAE society and plays an integral part in the Emirati national identity. The word comes from the Arabic word "Badawiyin" which means desert-dweller. Bedouin society, historically, is a desert-dwelling, semi-nomadic, Arab ethnic group. Its society is divided up into tribes, and there is a strong honor system among the people who are extremely loyal, first to their immediate families, then their extended families, and finally to their country. Each Bedouin tribe is led by a Sheikh and all the members of the tribe usually have a common ancestor. Bedouin life as an economic model of life has changed dramatically and ceased to exist in many parts of the Arab world; what remains revolves around some of their cultural traditions and their tribal link. They remain connected to their ancestry through maintaining tribal names and through preserving certain social practices, such as hospitality customs and keeping marriages largely within tribal boundaries (Ghazal, 2012).

The culture of sharing and participation is intrinsic to the Emirati culture. In the olden days, the ruling Sheikhs used to travel to remote lands in the UAE and set up camp in villages where they would hold ad hoc meetings in large tents. These meetings were informal in nature and largely involved sharing, discussing, and resolving local issues relating to society, agriculture, trade and economy, housing, health, and other topics pertinent to the well-being and happiness of the people. These meetings were referred to as “Barza” or “Majlis” (Arabic words for gatherings and place of sitting) and drew Emiratis in huge numbers. The term Majlis is used to describe a formal legislative assembly and a physical place for social gathering. Most homes in the Gulf have a Majlis, where the head of the family hosts guests. Often friends, neighbors, and families gather in a Majlis during sunset. It is a place for guests to chat about the daily issues of life, debate religious topics, and reminisce, over Arabic tea and coffee (Salem, 2009).

Economic factors always affect social lifestyle. Yet, the one thing that has not changed is the degree to which Emirati culture resonates with Islamic values. The ASDA’A Burson-Marsteller Arab Youth Survey, conducted in 2014 in 16 Arab countries, shows that whereas nearly half of the Arab youth across countries are keen to embrace modernity, 57% of Emirati youth agree that traditional values are meaningful and ought to be preserved for future generations. Discussions with young Emiratis at the university provides us a glance of how the locals see Emirati values as stemming from their Islamic religion; embracing them in the modern world of today does not necessarily have to be an either/or choice. Emirati traditional values, such as giving back, respecting others, treating people equally, being family oriented, and maintaining one’s identity, are values that stem from Islam (Khamis & Nazzal, 2014).

Culture and Negotiation

“Note that these dimensions do not represent absolutes, but instead reflect tendencies within cultures. Within any given culture, there are likely to be people at every point on each dimension” (Mahoney, Trigg, Griffin, & Pustay, 1998, p. 538). These words of Mahoney et al. (1998), describing the challenge of applying Hofstede’s (1980) cultural dimensions, are very important for researchers to keep in mind as they attempt to elicit culturally specific characteristics relating to international business negotiations. In turn, we remind readers that cultural characteristics are generalizations that are not applicable to all members of communities. Thus, when culturally specific issues are raised, it is the tendencies within cultures that are being referred to.

Parties agree to negotiate when they cannot resolve issues unilaterally. Negotiation implies a willingness to accept a compromise between one's maximum goal and the absolute minimum that one can countenance (Kakhar & Rammal, 2013). The term "negotiation" itself presupposes that there are both common interests and conflict between the two (or more) parties entering the discussion process. A negotiation is cross-cultural when the parties to it belong to different cultures and do not share the same ways of thinking, feeling, and behaving (Wunderle, 2007). Although the focus has been mainly on exploring the negotiating styles of certain countries such as Japan, the United States, and China (Brett & Okumura, 1998; Ghauri & Fang, 2001; Graham, 1993; Shi, 2001; Shi & Wright, 2003), the influence of national culture on business negotiations has been the subject of extensive research (Agndal, 2007; Salacuse, 2003). It may also be worthy to note that the majority of the articles published on international business negotiations have studied the influences of culture on the process and outcomes of negotiations (e.g., Agndal, 2007; Rammal, 2005; Reynolds, Simintiras, & Vlachou, 2003).

Cultural Dimensions of the United Arab Emirates

Although there is no general agreement on the definition of culture (Weiss, 2004), the literature suggests that it consists of three main characteristics: (1) Culture is not innate but learned, (2) the various facets of culture are interrelated, and (3) culture is shared and, in effect, defines the boundaries of different groups (Hall, 1981; Triandis, 1994). What can be deduced from this discussion is that, at its core, culture is a set of shared and endured meanings, values, and beliefs that are interrelated and characterize the behavior of national, ethnic, or other groups. Hence, culture is acquired through acculturation of the individual by the society (Hofstede, 1994, 2001; Hofstede, Hofstede, & Minkov, 2010).

While a number of studies have attempted to classify cultures according to how they score on various dimensions (Hofstede, 1980, 2001; Hofstede et al., 2010; House, Hanges, Javidan, Dorfman, & Gupta, 2004; Schwartz, 1994), Hofstede's study is considered seminal in the field. His work classified cultures along four dimensions of power distance, individualism versus collectivism, masculinity versus Femininity, and uncertainty avoidance (Hofstede, 1980).

Two further dimensions, of long-term versus short-term orientation and indulgence versus restraint, were later added to the four other dimensions (Hofstede, 2001; Hofstede et al., 2010).

In the context of negotiation, the constructs of collectivism and individualism have been extensively discussed and have also been used when considering values and social systems, morality, religion, cognitive differentiation, economic development, and even the structure of constitutions (e.g., Fang, 1997).

Observe the international news of today, and the Middle East no doubt stands out as an important theater of global economic and political affairs. The Arabic-speaking countries of the Middle East are considered important players in international trade, investment, and political affairs due to the region's geographical location and its natural resources (Weir, 2003). However, as Rees and Althakhri (2008) and others have pointed out, the lack of knowledge about cultural norms and business practices has affected the ability of many non-Arab firms to tap into the economic potential of the region. Zahra (2011) highlights the importance of the region and states that many Arab countries such as Saudi Arabia, the UAE, and Kuwait are now major investors in US and European multinational companies, property, and other businesses. Despite its importance in the global arena, many consider that there has been only limited research undertaken on how business is conducted in the Arabic-speaking countries of the Middle East (Ali, 2009; Ali & Al-Shakhis, 1990). Unfortunately, much of the extant academic literature on the Arab world is outdated and does not cover the changing socio-economic and political conditions in the region over the past few decades.

As is well known, Hofstede (1980) examined cultural values of IBM employees in 50 nations around the globe in the period of 1966–1974. At the time when Hofstede undertook his study, the UAE as a federal nation was still in its infancy and its oil revenue had yet to be pumped into its society. Hofstede (2001) indicates that values change gradually, over time. The UAE, however, has gone through such changes at a lightning pace compared to traditional societies not only due to the effects of its oil boom but also due to its access to technology and the openness of its government regarding innovation initiatives.

Kluckhohn (1951) defined culture as a way of thinking, feeling, and reacting, which is acquired and transmitted by symbols that form the distinctive achievements of human groups and their attached values, while Geert Hofstede (1980) defined culture as the "collective programming of the mind which distinguishes the members of one human group from another" (Hofstede, 1980, p. 10). In the past few decades, culture is often referred to as a set of values adopted by a particular group that defines the lifestyle of that group; cultural values are translated into norms, beliefs, morals, and are then reflected in laws and practices of the society (Adler, 2002). Common practices and experiences of members of collectives bring about shared identities, beliefs, values, motives, and meanings. These are manifested as history, language, and ideological belief systems—religious and political—that are transmitted from one generation to the next. Social scientists attribute these set of parameters of collectivities that differentiate the collectivities from each other in meaningful ways (House et al., 2004). With regard to Hofstede's cultural dimensions, the UAE's scores are as follows (Table 18.1).

In the power distance dimension, the UAE scored 90 (1984). This evidences the acceptance of a hierarchical order in which everybody has his or her place, requiring no further justification. Hierarchy in UAE organizational culture is reflected in inherent inequalities, centralization is common, and a benevolent autocratic leadership style works well as subordinates expect to be told what to do. The UAE is a collectivistic society with a low score of 25 on Individualism (Hofstede, 1980). This is manifested through people fostering strong relationships with a long-term commitment to fellow members of their group and high preferences for a tightly knit framework and strong group cohesion. Loyalty in a collectivistic culture is paramount, overriding most other societal rules and regulations; a loyalty-related offense leads to shame and loss of face. In the workplace, employer-employee relationships are perceived in moral terms similar to that of a family link and hiring and promotion decisions take account of the employee's in-group.

The UAE scored 50 in the dimension of masculinity and femininity and thus can be considered neither masculine nor feminine. A high score on this dimension (masculine) indicates that the society will be driven by competition, achievement, and success. A low score on the dimension (feminine) means that the dominant values in society are caring for others and quality of life.

In the uncertainty avoidance dimension, the UAE scored 80, which reflects a strong preference for avoiding uncertainty. This is reflected in society adopting rigid codes of behavior and beliefs and intolerance of new ideas and behaviors (Hofstede, 1980, p. 193).

Table 18.1 The UAE scores on Hofstede's cultural dimensions

Dimension	UAE score
Power distance	90
Individualism/collectivism	25
Masculinity/femininity	50
Uncertainty avoidance	80

Summary by author. Source: Hofstede (1984)

As Islamic teachings teach absolute truths to its believers, religion is likely an interrelated factor to high uncertainty avoidance, especially among the older generation. Nevertheless, if a study was to take place today in the UAE, we would predict a much lower score on the dimension of uncertainty avoidance, especially so with the younger generation. Given that the UAE has undergone many a transformation since the 1970s, the mind-set of the population has also evolved. Reflecting efforts to transform the nation from an oil-based to a knowledge-based society, there is a generational willingness to be bold, try new things, and be more tolerant of change. In addition, the encouragement of entrepreneurial activities and innovation has been accelerated by a national agenda, the UAE Vision 2021.

Hofstede (2001) explains that the seven Arabic-speaking countries (Egypt, Iraq, Kuwait, Lebanon, Libya, Saudi Arabia, and the UAE) were treated as one region because of a technical problem that inadvertently wiped the tape with the raw survey data and destroyed the data printouts as well. The only remaining printout data in the system pertained to the total region. He further suggests that the Middle East region is culturally less homogenous by any measure. Undoubtedly, some countries are wealthy, while others are poor. Some governments allow freedom of speech, while others are oppressive and highly controlled. Some have extensive welfare systems, whereas others cannot afford it or are not willing to distribute wealth freely (Hofstede, 2001). As such, many may view the abovementioned scores to be merely insignificant and not representative of the state of the region, also, Hofstede's work (1980) has been criticized by many researchers as outdated in the context of today's rapidly changing environments (Jones, 2007). Nevertheless, in relation to Hofstede's dimensions (Hofstede et al., 2010), the Arab world scores high on the power distance and collectivism dimensions, is moderately masculine, and scores low in the long-term orientation and indulgence dimensions. These scores indicate that people in the Arab world respect and follow the orders of people in authority; focus on relationship building, trust, and collectivism; and follow traditional values that may be seen as conservative from a Western society's perspective (Kakhar & Rammal, 2013).

Feghali (1997), in her review of studies done on Arab culture and communication patterns, found three values most commonly mentioned in the literature: (1) collectivism, (2) hospitality, and (3) honor. In a study of communication patterns, Hall (1966) identified cultures as being either high context or low context. People from a low-context culture tend to be task focused and communicate their message explicitly, while individuals from high-context cultures tend to focus on building relationships, and their messages are communicated implicitly. Hall's (1966) study classified the cultures of Arab countries as high context. Gudykunst and Ting-Toomey (1988) state that this communication characteristic translates to a speaker's concealment of desired wants, needs, or goals during interactions which reflects "musayara," an Arabic word that is used to describe the desire of the Arabs to be accommodating for the sake of harmony and avoidance of confrontation during negotiations (Nelson, Al Batal, & El Bakary, 2002). Due to this high-context behavior, Arabs are expected to rely considerably on complex nonverbal communication (Rice, 2003). The findings of the study exploring the key socio-economic, cultural, and political factors that influence the negotiation process between Arab and non-Arab managers by Kakhar and Rammal (2013) show that:

- Arab negotiators place emphasis on building relationships and use referent power (referred to often as 'wasta');
- Political uncertainty influences the bargaining power of Arab negotiators and political volatility in the country influences the Arab managers' use of time during negotiations.

These broad cultural findings related to negotiation set the stage for a specific exploration of negotiation in Dubai.

The Negotiation Environment in Dubai

Within the UAE, Dubai is considered the most international Emirate, considering that about 87% of its population are expats (in comparison to 80% of Abu Dhabi, which is the nation's capital) (Marsh, 2015). 10% of the world's known oil is in Abu Dhabi, so some may be shocked to know that Dubai—which neighbors it, virtually has no oil. Whereas most Western expats in Abu Dhabi work in the oil and gas sector, in Dubai, Westerners work in a diverse range of industries. However, we need to keep in mind that only about 5% of the expatriate population in Dubai is of Western origin.

The society of Dubai can be described as a true melting pot. It has created a unique culture on its own that amalgamates certain cultures of each person's origins but at the end is uniquely Dubai. A local person once described the business culture of Dubai as being "like a stew," with pieces of vegetables and chunks of meat representing pockets of subcultures or stronger national influence in certain sectors—such as the influence that immigrants from the Indian subcontinent wield in the gold and jewelry sector—but inside the pot, the gravy is made of the essence from all the ingredients. He said the seasoning of the gravy is the Emirati culture.

Traditional values such as respect, loyalty, and relationships play a large role in negotiations and take precedence in decision-making. When dealing with royalty or people from higher ranks, people may sometimes be subservient. Those that have been in the region for an extended period, regardless of their nationality, are rarely confrontational. Arabs, in general, do not like to disagree, and this is especially so with a newcomer or someone unfamiliar. As such, they may be reluctant to commit themselves if they are not sure of the outcome of a negotiation. A direct negative response can cause offense; therefore, "No" should not be said directly but prefaced and soft-pedaled. The phrase "Inshallah" (meaning "God willing") is very often used to refrain from committing while at the same time not offending—as things will ultimately turn out according to the will of God, regardless of any negotiation we conduct or commitments we enter. However, the Emiratis are true traders, and they drive a hard bargain. Once you engage in business with them, they tend to negotiate vigorously for every deal.

People in the UAE generally prefer to conduct business face to face. Moreover, oral communication carries more weight than written communication in the UAE; for this reason, agreements are considered final only when all parties concerned have parted ways. Until that point, everything is open to negotiation, even if a contract has been signed. Because of the transient nature of the workers in the UAE, there may at times be no continuity within an organization or project. People who serve on committees move on, and it becomes quite challenging to start negotiations or discussions all over again.

Working in Dubai means working with a multitude of different nationalities and cultures. People from various cultural backgrounds differ in their mind-sets, values, and beliefs, and as a result, people employ diverse management and communicating styles and work methods. While people tend to hold a stereotypical view, coming to Dubai for business, expecting an Arab culture, the business landscape they encounter may not be Arab at all. Or, it may lean toward Arab business norms yet include business dynamics rooted in other cultures. It is thus important to do your homework on who will be at the negotiation table beforehand, as well as knowing the counter-party's background, in order to have an indication of what to expect.

Oftentimes in Dubai, we encounter people of a certain nationality, who—due to their education, long exposure to international business, and/or life away from their home country—exhibit quite a different style of negotiation than we would expect of their original national culture. It is interesting to note that in a recent interview of multicultural team leaders in the private business sector of Dubai, the author found more than half of the interviewees (a random sample of 25 Dubai-based people with an average age of 41, most of whom were at country manager level) were married to a partner from a nationality different from their own, all having met their partners outside of their home country. This finding indicates how multicultural the general population is.

As mentioned earlier, culture is acquired through acculturation. In Dubai's business climate, the representation of the local culture at the negotiation table is more of a ghost of a presence than a physical presence—its dominance is often veiled by the non-Emiratis sitting at the negotiation table.

Impact of Culture on Negotiation

Let us look to a framework to discuss the impact of culture on negotiation and discuss the factors of what we find in Dubai, especially with regard to negotiating in Dubai with Middle Easterners. In contrast to the acultural, universal approach in negotiation, Salacuse (1998) outlined "ten factors in the negotiation process that seem to be influenced by a person's culture" (Salacuse, 1998, p. 223). He proposed that culturally different responses would fall on a point on a continuum between two polar extremes. The ten factors and associated ranges of possible responses are:

(1) Goal (Contract « Relationship).
(2) Attitudes (Win/Lose « Win/Win).
(3) Personal Styles (Informal « Formal).
(4) Communications (Direct « Indirect).
(5) Time Sensitivity (High « Low).
(6) Emotionalism (High « Low).
(7) Agreement Form (Specific « General).
(8) Agreement Building (Bottom Up « Top Down).
(9) Team Organization (One Leader « Consensus).
(10) Risk-Taking (High « Low).

Although we have mentioned that Dubai's business negotiators are of diverse backgrounds and are often multicultural, for the purpose of discussion, here we look at each negotiation factor and comment where relevant to negotiations with Middle Easterners. We chose this focus, given that in management-level negotiations in Dubai one is most likely to engage with Arab nationals; these constitute approximately 35% of the expatriate community (more than any other national group), and in addition, there is some likelihood that one will engage with an actual local Emirati who also falls into the broader Middle Easterner category.

Goals

Goals are the purpose or intent of the parties to a negotiation. For dealmakers from some cultures, especially from the West, the goal of a business negotiation is a signed contract between the parties. Other cultures tend to consider that the goal of a negotiation is not a signed contract but rather the creation of a relationship between the two sides. Middle Eastern business negotiators usually seek sustainable business relationships rather than contracts, eschew the "western tradition of legalism," and "prefer to leave things vague" (Buszynski, 1993, p. 20). Meanwhile, Western people typically consider the contract to be a binding agreement that outlines the roles, rights, and obligations of each party. As mentioned earlier, it is mindboggling to many Westerners when the simple but all-encompassing word "Inshallah" is thrown around, after contracts have been signed for the sake of having providing a signed document for the foreigners.

When encountering negotiators sitting on the other side of the table, you need to recognize that merely convincing them of your ability to deliver on a low-cost contract may not be enough. Relationships are very important when negotiating in this region, and trust between partners must never be feigned. Personal relationships take time to build and are founded on loyalty and reciprocity, so the agenda may need to be flexible. Many non-Arab business executives have been reported to make the mistake of "sticking to the agenda." Although one can understand the necessity of addressing business topics unless the person across from you is a Westerner, it may be considered rude to get straight to business when entering a meeting. Consider the mixed culture of Dubai and proceed with care. It is customary, in the Middle East, to take some time to show interest in the other's well-being before business discussions. Dubai may be a very Westernized city; still, many locals and expatriates alike take this custom to heart.

Attitude

Negotiations are affected by the attitudes or dispositions that each party brings to the table. In what theorists call distributive bargaining, negotiators see each other's goals as incompatible. They believe only one party can gain and only at the expense of the other. In integrative bargaining, the negotiating parties consider themselves to have compatible goals and assume that both parties stand to gain from the final agreement. Win-win negotiators see dealmaking as a collaborative, problem-solving process; win-lose negotiators view it as confrontational (Salacuse, 1998). In business, negotiators—regardless of cultural background—prefer to come out ahead. The attitude they bring to the negotiations depends on their personalities or their positions of power.

While Middle Eastern negotiators can be tough, due to their tradition of hospitality, honor, and respect, it is rare that a negotiation ends in a total win-lose situation in their favor. Negotiations are also a means to build relationships, and negotiators engage in the discussion with the view of a long-term relationship rather than a one-off business deal. One of the primary goals of a Middle Eastern negotiator considering a relationship with a foreign businessperson is to determine whether he or she can be trusted to do business in a manner that is comfortable to a Middle Eastern partner.

Personal Styles

Culture strongly influences the personal style of negotiators. Personal style refers to the way a negotiator interacts with counterparts at the table: The way a negotiator talks to others, uses titles, dresses, speaks and relates to others. Arabs attach high importance to creating bonds of friendship and trust between negotiators. In Arab cultures, eye contact is taken as a sign of trustworthiness; thus, the rate of eye contact during negotiations can be very high. Between men, strong eye contact and physical proximity, often with touching (particularly on the forearm), are indications of gained trust. Western men who are uncomfortable with another man's proximity or touch should be warned to make an effort not to pull away or flinch in a way that may be interpreted negatively.

Meanwhile, businesswomen should be aware that many Middle Eastern men are uncomfortable with eye contact with, or proximity of, the opposite sex, due to traditions in culture and religion. Some very traditional men—as a sign of respect—will instead look to one side or at the ground, so that eye contact is avoided. Many businesswomen in the region also may not be comfortable speaking while looking directly in their male counterpart's eye. One compromise often used is to look at one's counterpart's upper lip. This allows you to read facial expressions yet avoid the discomfort of direct eye contact.

Negotiators in the Middle East usually prefer longer, less formal, sessions. They tend to insist on addressing counterparts by their titles and are given to expressing philosophical statements that are often more important to the negotiation process than the technical issues of the problem. Arab culture is high context; in other words, Arab negotiators attach great importance to context. For example, they "make a sharp distinction between the way matters of state should be conducted and matters of commerce" (Buszynski, 1993). Other contextual factors such as history that may be considered extraneous to the process by Western negotiators may also affect discussions with people from the Arab world (Wunderle, 2007). Regardless, one is most likely to gain the all-important benefit of trust by conveying a sense of sincerity and honesty. Speaking with confidence and showing respect for the host, Islam and Arab culture, in general, will go a long way toward establishing a strong base to the relationship, which will likely help to move the negotiations forward.

We know that each culture has its own formalities, each with its own special meaning. Negotiators working in foreign cultures should respect these formalities. As a general rule, when in a foreign business environment, it is always safer to adopt a formal posture than to assume an informal style. Moving to an informal stance should only be done if the situation warrants it (Salacuse, 2004).

Communication

Some cultures adopt direct, simple methods of communication, while others prefer indirect, more complex methods. In a culture that values directness, you can expect to receive a clear and definite response to your proposals and questions. In cultures that rely on indirect communication, reaction to your proposals may be gained by interpreting seemingly vague comments, gestures, and other signs. What you will *not* receive at a first meeting is a definite commitment or rejection. Middle Eastern cultures fall into the latter category.

When communicating with Arabs, it is essential to pay attention to body language, eye movements, and hand gestures. Arabs can use such nonverbal communication to contradict, emphasize, or substitute for, verbal messages. For example, Middle Easterners will often say, "yes" when they really mean "no," because they prefer to avoid conflict or want to save face. Keeping the concept of face in mind when conducting negotiations in the Middle East is crucial. Arabs believe it is of utmost importance that negotiating partners respect each other's honor and dignity. Losing face is the ultimate disgrace, and people will go to almost any length to avoid it. Although Dubai has become Westernized and very international—what is on the surface and what is in the inside are two separate issues. As much as the locals understand the difference in communication styles among different nationalities, directness is still often interpreted as aggression and is therefore insulting.

Those who have been educated abroad seem to have a knack for switching communication styles according to their audience. With many of the local

Emiratis going to universities overseas and then returning home to begin their careers, we see more and more of these culturally intelligent people trying to bridge and mitigate the differences that are unavoidable, not only in communication but also in other aspects.

Time Sensitivity

When discussing national negotiating styles, a particular culture's attitudes toward time will be inevitably raised. Negotiators may value differently the amount of time devoted to and measured against the goal pursued (Salacuse, 2004). Some cultures value promptness. They view time as monochronic (one thing happening at a time), sequential, and absolute.

On the other hand, Arabs and some other Middle Easterners view time as polychronic (many things happening simultaneously), nonlinear, repetitive, and associated with other events. Culturally, they prefer to establish a relationship before beginning negotiations. The time that it takes to complete interaction is unbounded, not subject to any timetable or schedule. Exchanging pleasantries at length before getting down to business is the norm, and they will employ silent intervals for contemplation (Wunderle, 2007).

Another aspect of time, relevant to negotiations in the Middle East, is that Arabs generally tend to focus on the past. Negotiators should be prepared for slow deliberations and long negotiations as most Middle Easterners prefer to establish a relationship before they begin any negotiations, and also because they favor a consensus-based decision-making process.

It may seem unfair, but going into a negotiation or merely a business discussion as a foreigner, it is generally a good idea to remain as cooperative in terms of time as possible. This is especially so when you are still building the business relationship and trying to establish trust. Do not be surprised if your deadlines are regarded as flexible or you are working hours that are more convenient to your hosts, as it is possible that your Middle Eastern counterparts have made assumptions about your availability, assuming that "Your time is also my time." This is a common practice with Arabs as well as with people from the Indian subcontinent. As a Western business professional, it is expected that, at least within reason, you be available when it becomes convenient for your counterpart to see you.

It cannot be stressed enough that "Western business professionals must show patience at all times, even if they are circumstances that from their point of view are patently ridiculous" (Marsh, 2015, p. 237), as your counterpart may be simply accepting the same situation as God's will and therefore normal. One should be aware that reacting with intolerance or impatience in this region leads to losing face or, worse yet, losing status and authority.

Emotionalism

Different cultures have different views about the appropriateness of displaying emotions. Arab negotiators, being in a high-context culture, are likely to show emotions. The way words are said is usually more important than the words themselves, and many things are simply left unsaid. Negotiators are often required to rely on the context of the moment and the culture as a whole in order to decipher a message's intent. As Arab cultures consider the relationship between the parties should be of high importance, they will not disrespect their counterpart with a show of overt negativism nor anger; instead, they will provide an honest opinion when unhappy. Happiness, on the other hand, is lavishly shared.

Agreement Forms

Negotiated transactions will nearly always be encapsulated in some sort of written agreement. Cultural factors influence the form of the written agreement that the parties make (Salacuse, 2004). Middle Easterners typically prefer an agreement in the form of general principles rather than detailed rules. Middle Easterners regard any agreement as being relatively flexible and symbolic of the relationship established, rather than a binding legal document (Wunderle, 2007). In other words, the essence of the deal is the relationship between the parties. If unexpected circumstances arise, the parties should look primarily to their relationship, rather than to the contract, to solve the problem.

Agreement Building

Whether negotiating a business deal is an inductive or a deductive process relates to the form of agreement. Arabs typically employ a deductive, or top-down, process. Middle Eastern negotiators tend to begin negotiations by establishing general principles that become the framework on which to build an agreement (Wunderle, 2007). The process involves first agreeing on basic principles and then letting these guide and determine the negotiation process. In the case of Dubai, we can observe somewhat of a hybrid approach, in which one approach is tried after another. This is probably due to the mix of nationalities at the negotiation table. Beyond the nationality composition of the teams, the organization's country of origin may greatly affect the process of agreement. Context, rather than culture, could also come into play. For example, differences over the form of an agreement could be caused by unequal bargaining power between the parties.

Team Organization

As some cultures emphasize the individual while others stress the group, culture affects how executives organize themselves to negotiate a deal. It also will affect how the group makes decisions. Middle Eastern cultures are high power-distance cultures in which some people are considered superior to others because of their social status, gender, race, age, education, and other factors. As such, their negotiators are comfortable in high power-distance situations. Middle Eastern negotiators are accustomed to hierarchical structures and clear authority gestures. Most often than not, a negotiating team will have a designated leader.

In the case of most Middle Eastern negotiation parties, decision-making most often occurs through consensus, and team negotiation is stressed, although each group has a hidden authority figure. Hence, negotiating teams may be relatively large to the foreign eye. It is also worthy to note here that business cards are a must throughout the Middle East; if you do not have a business card, in effect you have no identity and thus no status. Although it is possible to get away with English-only business cards in Dubai, it is always a good idea to have the cards printed on one side in English and the other in Arabic. In most business environments, including at the negotiation table, one can expect the host to introduce you to others in the correct sequence and hierarchy. One can also trust the host to inform you if you are meeting someone from a ruling family, in which case the correct addressing title and protocol for greeting royalty will undoubtedly be shared.

Risk-Taking

Naturally, some cultures are more risk-averse than others. As suggested earlier, Middle Easterners seek to avoid uncertainty in general. As such, their willingness to take risks in a negotiation can be affected. Along those same lines, they may be less likely to divulge information or try new approaches.

Gaining the trust and confidence of Middle Easterners can be difficult, but if you earn a person's trust, it is easier to attain his organization's or his family's trust because he will champion and advocate for you.

The Bottom Line

Cultures differ in the amount and type of preparation they do for negotiation, in the value they place on efficiency (time on task) versus interpersonal relationships, in their predilection for principles instead of specifics, and in the number of people they include who have a say in the negotiations. We could say the role culture plays is emphasized in international negotiations. Unfortunately, many people still find themselves focusing on a stereotyping that are gesture and etiquette sensitive, which are often later portrayed as parodic situations. Yet, however simplistic stereotyping is, we also cannot deny that many contain elements of truth. So, what is the best way forward in approaching our cultural differences while engaging in negotiations?

As Erin Meyer (2014), who developed the "Culture Map" that positions cultures on an eight-dimension scale system, says: "Time and time again, I find that even experienced cosmopolitan managers have faulty expectations about how people from other cultures operate. The truth is that culture is too complex to be measured meaningfully along just one or two dimensions" (Meyer, 2014, p. 1). The author wholeheartedly agrees and also notes that cultural intelligence is recognized as an acquired skill and a skill that can only be honed with experience.

There is no one right approach to negotiation, only effective and less effective approaches that vary according to contextual factors. As negotiators understand that their counterparts may see things very differently than they do, they will be less likely to make negative judgments and therefore more likely to make progress. Keeping this in mind, let us now turn to the voices and thoughts of business professionals working in Dubai.

Voices on Negotiating in Dubai

These accounts of business professionals may assume the unique point of view of each individual, but we can learn a lot from them, as they are firsthand accounts of being active as business negotiators in Dubai. The author asked each to comment on their negotiation experiences in Dubai as a part of a general discussion on working in a multicultural city.

- A seasoned senior manager from Switzerland, working in Dubai for 5 years, describes his negotiation experiences:

My work at a FMCG multinational requires me to negotiate multi-year contracts with GCC retail groups. As a foreigner, the initial contact to start the relationship with these customers is through their foreign negotiation representative (in 80% of cases I can say it would be an Indian, British or an Egyptian national). The initial encounter is focused on business introduction and the customers set performance review—often an initial expectation of the investment, this initial bargain offer is claimed to come by their direct supervisor who would frequently be a local Emirati. Their positions remain constant, as they need validation. The overall atmosphere of this initial meeting is cordial and non-confrontational.

The second meetings are the one with the presence of the supervisor (decision maker). In many cases, it is a local Emirati—the meeting can be at an office or lunch: cordialities and gratitude are exchanged and often the conversation is around family and hobbies. His direct reports will have a low level of intervention in the discussion. The business aspect of the meeting will be covered in short time; the negotiation outcome will be highly influenced by the 'likenesses of the host. To reach the outcome, some rounds of visits or emails will be necessary, more so than what would be expected in a typical Western business environment—these subsequent discussions are with the foreign negotiation representatives, but their supervisor exclusively gives the approval of decisions.

It is not easy to build relationships in a few meetings, but I think that showing that you are ready to put in the effort goes a long way. In this region, however tight your timeline may be, diving right into business is never a good idea. At the same time, being superficial is detrimental in building trust.

At times, even more so than the shared business we are discussing, being able to focus on the person across from me is vital when I'm in a meeting here, because I know that people base their discussions on their opinion of me—how much they know and trust me—going further into the negotiations.

I have found that a lot of people here enjoy discussions, which are more like friendly debates, and regardless of whether you agree or disagree, to be able to reason well is much valued and admired. So, I find that having educated opinions on history and culture, as well as keeping up to date on the news and trends in the region is very important.

(C.P, personal communication, September 21, 2017)

- A Human Resources consultant from the UK, who has been working in Dubai and the UK simultaneously for the past ten years, shares her views—with a particular focus on the concept of time:

What's unique about negotiating in Dubai, at least for me, is first—that I quite don't know until the last moment whether there will be a negotiation. I refer to the *concept of time—which is very different from where I come. In a way, it is a double standard because, as a westerner, they expect me to be on time but they as Arabs, can be not as punctual as is often the case. "If God is willing, it will happen."—You just have to take this as the way things are here. Though I admit, I was taken aback when I first made a call to confirm an appointment and not getting the confirmation response I was expecting, but only an "Inshallah".*

I do still send reminders a day in advance but often, find on the day of the appointment that the meeting has been postponed or canceled, which I confess, is quite frustrating although I understand in my mind that it is just a cultural thing, and it is done without bad intentions.

Considering negotiations in this region, including our international city of Dubai, already takes more time than what we are used to back home,—I think it makes it hard especially for western people to be patient. I find that knowing what to expect is very different from actually experiencing it, and I've seen the so-called "expert negotiators" flown in from different parts of the world, but just not being able to "perform" here.

Secondly, I think about the diversity of the people we encounter here—I am a firm believer that diversity creates better solutions for everyone. Dubai is a multicultural city that has really embraced their citizen is various backgrounds. There is value in having different perspectives and the collaborations we witness are exciting. I've seen many times people from two different camps go into negotiation and come out with an unexpected "better" outcome, which makes everyone happy.

Of course, it may take a while to understand each other coming from different backgrounds—but it's the win-win attitude in the end, which drives the businesses negotiations forward here because everyone is in it to get something they want at the end of the day.

(M.S, personal communication, September 12, 2017)

- A French Manager, who has worked in Dubai for the past 12 years at multiple luxury retail brands, commented on his relationships and negotiations with Emiratis:

One thing I constantly tell the people at my headquarters is that keeping up the personal relationships is what counts in business here, so it is important that they do not shift out the CEO and top management too often. All companies here in Dubai that are not registered in the Free Zones, will have a local partner. Keeping them (local partners) happy is the key to expanding the business here because they connect with each other, and naturally with their businesses.

Because of the transient nature of the people here, it's definitely hard to keep good connections. People come and go—a lot of expats are here for 2–3 years and then they leave—and I think it affects how people build relationships. I find myself, a foreigner, also wary of dealing with other foreign expats on contracts, especially when it *is about long-term commitments because I am not sure that they'll still be here to see it through. I have been here a while, and I know that people, especially the locals I deal with, have given me their trust and support in the business, not just because I worked hard to earn it, but also a big part of it, is simply because I am still here in Dubai. When people ask me for advice on building relationships with the Emirati locals, I usually tell them that they need to have a lot of patience and invest their own personal time.*

If you are trying to build a business relationship with the locals, going at it like how you would back home will not work. You will be judged as a person, not the company that you work for, before anything else—and the expectation here is to gauge your honesty and loyalty as "friends". So, if you are not ready to commit to something more than a strictly business relationship, you'll just be another face they see and be politely handled, but not consulted or relied upon for important decisions.

Some Emiratis approach negotiations in a more competitive manner compared to Westerners, whose approach tends to be more problematic and solutions orientated. However, for them, the process is considered an enjoyable experience. Some negotiations that I have been involved with the local Emiratis have been rather abrupt in happening from a Western point of view. I have been in situations whereby I gave a call just to give a greeting or checking up on them, and they asked me on the spot: "Can you come now?"

Nevertheless, more often than not, if I already have an established relationship with the person, I am usually invited for a meal, tea, or sharing of a shisha (water tobacco), which is usually in a casual setting outside the office—then the subject will be brought to my attention gradually. The Emiratis are very social people and it is not rare that the men will bring their extended male family members and friends to such social business meetings.

Going into the actual business discussions, there are always quite a few of their side present. They respect hierarchy and expect the counter-party to also have people of power or senior titles to be present when they ask for a meeting. I feel it is almost mandatory to ask who will be attending. At times, they will have non-Emirati managers lead the discussion. Introductions of the business and the discussion of basic expectations are usually done by those who take care of the day-to-day business, which are the non-Emirati managers. Regardless of who is involved in the actual negotiation, there will be many back-and-forth. Therefore, for me, it is almost like a waiting game.

It can be very challenging to explain all this to the people in the headquarters, to get their understanding and support in doing things differently. Especially with those who have not worked in a different culture, it is hard to gain support on doing business differently. It is almost comical to watch when these people fly in for negotiations and encounter the difference firsthand. Sometimes, people just need to actually experience things in order to understand.

(S.C, personal communication, September 18, 2017)

All three of these individuals have embraced the cultural differences discussed in this chapter and have thrived in their given environment. It is clear that they all acknowledge different viewpoints, but they each have found a way of adapting, within their means, to push relationships and negotiations forward.

Things to Keep in Mind When Negotiating in Dubai

While Dubai has a world-class business culture, keeping the following cultural issues in mind for initial meetings will help conduct business successfully:

- Address people by their title and adopt a formal business approach.
- Be sensitive to the presence of elderly persons and show them respect.
- It is best to understand and respect Islamic traditions when conducting business.
- Touching women or engaging in eye contact with women is against local customs.

A further list of things to keep in mind for the actual negotiation process:

- Negotiations are held in the spirit of common interests. A common interest—rather than a dispute—forms the connection between the parties.
- A contract is there to underline intentions. Verbal agreements hold greater value than written agreements as the written word is regarded as less personal. A written contract simply serves the purpose of enhancing each party's understanding of an agreement.
- Consistently follow up on meetings and agreements.
- It is imperative to understand whom you are dealing with in order to show and earn each other's respect and loyalty.
- Personal dealings will always be prioritized over business dealings because family is highly valued in the Middle East.
- It takes time to build trusting relationships with Middle Easterners in general. This may result in several meetings occurring before any discussions about business actually take place.
- Be prepared for tough negotiations but refrain from using high-pressure business tactics.

- Patience, patience, patience, and more patience: decision-making is often slow, with bureaucratic formalities further increasing delay. Do not expect immediate results from initial meetings.

Many people dealing in the ever-increasingly internationalized business climate today are aware of issues of culture, stereotypes, and generalizations—yet fail to fully see their significance. While it is natural for people to try to understand another culture by comparing it to what one is already familiar with, this can also lead to misunderstandings. Therefore, it is imperative that by exploring the differences between stereotypes and generalizations, we gain the proper mind-set for minimizing misunderstandings.

We urge readers to reflect on these issues often, as the world is increasingly open, becoming a smaller and more easily accessible place, ripe for exploration. People may find that their preconceived notions have been far off the mark and, from time to time, encounter someone who is an exception to the particular characteristics shared by most of a categorized group. Whether this will be a pleasurable discovery or not is up to each individual, as any study or discussion of culture will almost certainly include judgment or opinions of the culture being discussed through each person's "cultural lens." This may be a cause for concern for some. However, the fact is that there is no right and wrong, good or bad in culture; cultures simply exist, regardless of one's views.

Adapting

As a business professional in a cross-cultural situation, the question we often find asking ourselves is: "How much, or how far, we should adapt?" The same question applies to negotiation processes in which there are mixed nationalities present. Despite the fact that this appears to be a question of crucial importance, very little work has been put forward on how far a negotiator should try to adapt to the other person's cultural values when carrying out international negotiations. Much of the international negotiation literature is devoted to outlining the cultural morals and values of the people who live in various non-Western countries. The implicit message we find is that Western negotiators should somehow adapt to these countries' cultural values.

Weiss (1994a, 1994b) contended that the old adage "when in Rome, do as the Romans do" is no longer appropriate for international negotiators operating in today's global economy. Instead, he proposed eight possible culturally responsive strategies; choosing between them depends on the degree of familiarity the negotiator has with his counterpart's culture and, conversely, the degree of familiarity the counterpart has with the negotiator's culture. As such, the appropriate level of adaptation becomes a function of two variables. However, he recognized that this framework is essentially one-dimensional in that it only relates to "the negotiator's and counterpart's familiarity with each other's cultures" (Weiss 1994a, p. 60). He went on to present five steps for selecting a culturally responsive strategy. Given that Weiss' (1994a, 1994b) culturally responsive strategies proposal means that the appropriate level of adaptation is a function of the negotiation strategy adopted, which in turn is a function of the cultural understandings of the negotiators involved and a number of contextual factors surrounding the negotiation (Kakhar & Rammal, 2013), this seems to fundamentally return us to square one.

It may well be that there is no single answer to the question of "How far should we adapt?" After all, this really depends on the context and the people participating in the interaction. In addition, it depends on how the adaptations in question fit in with the negotiator's values. People have different values, which are rooted in their own cultural influences, and the degree of flexibility regarding those values that differ from one person to another.

Considering a negotiation taking place in a cross-cultural or multicultural context, the author agrees with most international business scholars' view that adhering to a set of basic rules of showing cultural sensitivity, and being yourself while respecting the culture of your counterparts, is the best option.

Your counterpart wants to understand who you are and what type of person you are, regardless of nationality—given that they are at the negotiation table with you. Therefore, it is neither necessary nor appropriate to be culturally subservient when conducting negotiations with people from a different culture. In other words, it may be appropriate to "do as the Romans do" when you are in Rome, but you should not try to become Roman. However, do note that being aware of the stereotypical "dos and don'ts" list is not enough. The negotiator should demonstrate respect for his or her counterpart based on their culture's demonstration of respect. To be good negotiators, we must understand how our own cultural traits, values, and assumptions differ from those of others. So potentially, the most important thing for people who engage in cross-cultural negotiations is to know oneself, reflecting on your own bias and how you view the world.

Finally, one would do well to consider that culture is not static and that we live in an age of great upheavals on this front. House et al. (2004) point out that cultural differences are disappearing, technology is changing the way we communicate, and globalization is changing the way we trade and interface. Will this mean we will become better at negotiating across cultures? This question is particularly acute, given Hofstede's (2001) suggestion that the survival of humankind will be mostly dependent on the ability of people who think differently to act collectively.

With the world becoming a smaller place, multicultural cities such as Dubai may become the norm. Business will no doubt have to adapt to embracing differences in how they conduct their operations, internally and with others. However much the world changes around us, though, business negotiations will always be about what is best for the company. The most effective negotiators are professionals who know their business and do not let personalities and irrational behavior interfere with their mission.

Negotiators have always been in a position to bridge differences. The more global businesses become, the more their negotiations will require cultural savvy. At the same time, cultural negotiation basics—such as recognizing that understanding the other side's priorities is just as important as understanding your own—become more prominent. Sticking to the basics and expanding from there will always be effective as a negotiation strategy; at the end of the day, regardless of where we each come from, we all aspire to get a good deal under the given circumstances.

Looking Ahead

Dubai is listed as one of the fastest-growing economies in the world (Everington, 2015) and the UAE was recently ranked among the world's top ten most competitive economies by the International Institute of Management Development (IMD) in the 2017 IMD World Competitiveness Yearbook. It has surpassed some of the world's most developed countries such as Norway, Canada, Germany, Taiwan, and Finland on the overall global competitiveness index. As a business and leisure hub for the region, Dubai continues to attract more and more people to visit each year. Today, the Dubai market rallies with strong global markets, while the rest of the GCC stock markets do not. This shows the importance of Dubai's diversified economy linked to global trade and continuing diversification away from oil—which is clearly a resource and a sector that will decline in importance over time. Industry leaders in both the public and private sector are recognizing the need for investing away from traditional sectors and into the digital economy. This refocusing will ensure sustained economic growth for the coming decades and cement the UAE's position as a regional economic leader (Team Kaleej Times, 2017).

In discussions at the World Economic Forum, the UAE has expressed eagerness to adopt future industries by utilizing technologies associated with the fourth industrial revolution. In its short history, it has successfully embraced new technologies in its quest to revolutionize public services in key sectors. Hence, we can expect that it will continue to push forward the adoption of even more cutting-edge technology, especially in Dubai—where businesses continuously compete to have the newest and latest technology.

With an international spotlight focused on Dubai with Expo 2020 on the horizon, government-backed technological advancements, and good prospects for the economy overall, more businesses will enter and develop in Dubai. Along with the evolving business environment, comes an expected increase in job opportunities for both Emiratis and expats, with a higher inflow of expats looking for better prospects and more investment in different sectors. For seasoned business professionals as much as new thrill-seeking investors, Dubai is set to continue offering unique business opportunities. More so than ever before, having an understanding of how to effectively negotiate in this unique city may prove to be of great value.

Final Thoughts

This chapter introduced concepts that are important to keep in mind not only when negotiating in Dubai but in general when conducting business in this region. We've noted the importance to recognize that while Dubai is a multicultural city teeming with professionals from all over the world, unless you are dealing strictly with free-trade zone companies, key business negotiations are dominated by the local Emiratis. Trust is highly valued and difficult to earn, while local business practices test foreigners on their adaptive skills and patience. Trust is the key to building any successful cross-cultural relationship. In the context of negotiation, you will often be facing someone holding an opposing point of view on substantive matters. Regardless, if you can build a respectful stance based on mutual trust, it will be better for all those involved.

Throughout this chapter, we focused on how Emirati and Middle Eastern business culture and etiquette tend to have strong effects on negotiation in Dubai. However, we should be aware that it is not always such—no two business encounters are ever the same—and with the new internationally exposed generation beginning to settle into management roles, we predict that change is on the horizon.

We leave this chapter with a reminder that the culture each person identifies with, and how he or she views the world from that standpoint, inevitably affects their style of negotiation. The ways in which a person persuades others and the kinds of arguments they find convincing are deeply rooted in their culture's philosophical, religious, and educational assumptions and attitudes (Meyer, 2014). Knowing this is important not only because one needs to be self-aware as a negotiator but also because it will guide one's understanding of their counterpart, and most likely inform the strategy of how best to negotiate with them.

End-Chapter Database Links and References for the Readers

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19

Expatriate Managers as Negotiators: A Comparative Study on Australians in China and French in Brazil

Mona Chung and Kleber Luís Celadon

Introduction

More than ever before, managers at all levels of the modern firm take on assignments outside their home countries; often, they take on recurring assignments. It is well established that, generally speaking, expatriate assignments do not enjoy a high success rate internationally (Chung, 2008). This finding holds true internationally, in the sense that it is not in any way limited to expatriates from any particular country or operating in any particular country. Therefore, it is critical for both organizations and expatriate managers to improve the success rate of these assignments.

This chapter focuses on expatriates and the challenges they face in communicating and negotiating in cross-cultural settings while posted on overseas assignments. Our analysis draws on Cultural Capability Theory (CCT; Chung, 2012) and on negotiation theories. We examine the following aspects of negotiating and communicating across cultures: impact of cultural knowledge, ability to adapt, ability to work outside the range of duties experienced in the home country, and meeting deadlines of culturally different attitudes

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towards time. Our study also sheds light on factors related to expatriates' culture of origin (their home-country culture), which are present in negotiation mechanisms in the two cases we present, and their impact on successfully negotiating and communicating with local workers in the host country to achieve the mission they were sent to accomplish.

In this chapter, we identify a number of factors affecting expatriates while posted in a foreign country. These are technical versus language focus, relationship building, commitment, and trust. Through analysis of key factors and examining the cultural capabilities of expatriates, this chapter uncovers elements and practices that are key to the success of expatriate assignments. These will guide management and HR practitioners in selection, recruitment, and training of personnel for expatriate assignments. By improving the odds of success of expatriate assignments, organizations' resources are more effectively and efficiently employed. From the expatriate's point of view, improving their rate of success at overseas assignments will benefit them, both professionally and personally, in the long run.

In cross-cultural situations, the need for skillful negotiation increases owing to three elements that are added to an intra-cultural encounter: language (the need to negotiate meaning and understanding), cultural difference (the need to negotiate intent and impact), and increased opportunities for miscommunication.

This chapter also touches on the topic of knowledge integration (KI), suggesting that the assumption that the value of knowledge in one culture equates to its value in another culture is misleading. The two cases discussed in this chapter demonstrate this suggestion clearly. The case of Australian expatriates in China shows that differences of culture and negotiation style led to many failures in the expatriates' experiences during their assignments. It further demonstrates the effects of applying the right negotiation style in the right cultural setting. The case of French expatriates in Brazil illustrates how the major factors involved in achieving collaboration are trust, followed by overcoming difference issues of control, planning, and prioritizing. This chapter further contributes to the literature by focusing specifically on the role of managers and leaders who must communicate and negotiate in new settings when posted on expatriate assignments around the world. The comparative study illustrates the diverse and complex issues and interactions we now encounter in today's globalized world, spotlighting the importance of negotiation and communication for expatriates seeking to transfer knowledge from one culture to another to achieve KI.

The Conceptual Framework

This section lays out a conceptual framework explaining how expatriates should negotiate when on an overseas assignment. Through applying this framework, expatriates will communicate more successfully with local workers in order to achieve the process of KI. This is essential, as knowledge in one culture doesn't necessarily have value in another (Chung, 2012). We argue that the disconnect between the culture of origin and the local culture is the major impediment to knowledge transfer. We then utilize two cross-cultural cases to illustrate the validity of this framework (Fig. 19.1).

Previous studies have found that professional culture exists within any organization that employs professionals. When these individuals are assigned to a role or project, they bring with them the cultural knowledge they have obtained from society, professional training, and life experiences. The validation of their beliefs and interpretations will be done through interaction with other colleagues. These interactions include sharing their experiences, which further leads to the development of professional culture, which may be employed as a means of gaining group support and cohesion and legitimizing professional goals and action (Bloor & Dawson, 1994). Global cooperation often results in expatriates—from one or more country of origin—taking on assignments in other countries involving collaborative work. These cross-cultural settings might present higher challenges for KI and negotiation, as complexity levels and ambiguity are more accentuated than in mono-cultural contexts (Bruns, 2012; Sankowska and Söderlund 2015).

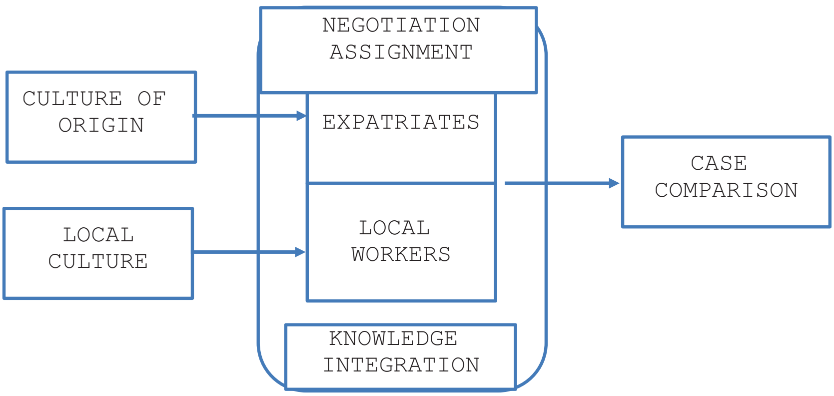

Fig. 19.1 The relationship of culture of origin and host country in negotiation and knowledge transfer for expatriate managers (Author's own creation)

These contextual specificities are highlighted for temporary teams referred to as 'expatriates' in this chapter. Expatriates are workers who move across projects and other types of temporary assignments, normally owing to a situational need for collaborative work among companies from different countries, or across countries in the same company. They are hired to participate in knowledge transfer processes, to train, be trained, or simply share knowledge and experiences with others to promote KI (Barley & Kunda, 2006; Söderlund & Bredin, 2011). This chapter aims to address the factors influencing negotiation between expatriates and their local working counterparts, seeking to contribute to and improve our understanding of these mechanisms in cross-cultural settings. Researchers have confirmed that, despite the value of different mindsets in multicultural projects, diversity—such as differences in national backgrounds—can increase conflict to the extent that projects and processes can be damaged or derailed (Brem & Wolfram, 2009; Cooper & Kleinschmidt, 1995; Jehn, Northcraft, & Gibson, 1999; Mathisen, Einersen, & Jorstad, 2004).

Recent empirical studies have examined communication across cultures, such as that of expatriates with local workers (Chung, 2012). More recent research has found that communication between expatriates and local workers impacts conflict during projects and has suggested that this might be moderated by expatriates' culture of origin (Darawong and Igel, 2012, Darawong, Igel, & Badir, 2016). In this chapter, we explore interaction between expatriates and their local counterparts in two separate cases, in an effort to determine their professional culture characteristics, group dynamics, and other patterns.

Drawing on Chung's (2008) CCT, negotiation theories, and KI theories (Berggren, Bergek, Bengtsson, & Söderlund, 2009), this chapter contributes to practitioners and academics by describing an analysis of negotiation in cross-cultural settings. Two investigations were made at two different locations in binational collaborative groups: China (Australians working in China) and Brazil (French working in Brazil).

Increasingly, groups of workers take on temporary projects or short-term assignments in cross-cultural contexts, with no previous experience of the other culture or familiarity with local team members; this might increase the need for KI even as it poses negotiation difficulties (Johansson, Axelson, Enberg, & Tell, 2011; Söderlund & Bredin, 2011). China and Brazil have accelerated their industrialization and are sending more workers out to engage in various types of collaborations abroad. This involves challenges to communication and negotiation, as interpersonal clashes are quite frequent in daily life, and are dealt with differently according to the countries of the people involved (Deutsch & Coleman, 2000; Huang, 1999).

Further, globalization of the labour market has led to hiring external professionals in various industrial sectors, posing new challenges to negotiation in cross-cultural settings (Garsten and Haunschild 2014). These workers, sent temporarily to other countries, present specific difficulties for KI, a critical component of the work performed, for example, by mobile engineers (Söderlund & Bredin, 2011), which is based in communication and negotiation.

Individuals as Resources of the Firm

Penrose's view on resource-based theory is that a firm is a collection of organized resources, which are idiosyncratic and relatively stationary and that distinctly comprise the firm's uniqueness and competitive advantage (Penrose 1959). Firm resources can be divided into two levels, one relating to individual resources of the firm such as skills of the employees and items of capital equipment and the other relating to the way these resources are integrated to achieve competitive advantage (Grant, 1998). This integration is achieved through communication and negotiation.

According to Kogut and Zander (1992, p. 396), combinative capabilities relate to the ability of firms to generate new knowledge from existing internal and external knowledge. The combination of skills of individuals to generate new knowledge can only be done effectively if the context of collective learning is taken into consideration. In this context, knowledge is recreated as a result of people's interaction and, therefore, understanding shared values is fundamentally important for the understanding of this interaction.

There are a number of definitions, and diversified understanding, of KI in the literature. Grant (1998) affirms that integration of knowledge and skills of firms' employees with physical equipment and other firm resources takes place through specific organizational mechanisms. He also states that 'advances in knowledge tend to be associated with increased specialization. However, production—the creation of value through transforming input into output—requires a wide array of knowledge, usually through combining the specialized knowledge of a number of individuals.' According to this author, firms need to integrate knowledge because individuals have natural constraints that do not allow them to do so. That is, individuals cannot specialize in all forms of knowledge possessed by other specialists. The author suggests four mechanisms by which individuals' knowledge can be integrated: transfer, direction, sequencing, and routine. The author explains that knowledge transfer is important but that collaboration is even more so; collaboration is obtained by means of proper 'direction,' with specialists in one area guiding the behaviour of people of other fields. At basic levels of complexity, simple 'sequencing' can be used; at more complex levels, 'organizational routines' become essential.

Levitt and March (1988) explain that organizations learn through encoded deductions from history that are applied into routines responsible for guiding behaviour. Such 'routines' include forms, rules, procedures, conventions, strategies, and technologies around which organizations are constructed and through which they operate. In addition to the routines themselves, there is the structure of beliefs, frameworks, paradigms, codes, cultures, and knowledge that buttress, elaborate, and contradict the formal routines. Finally, they suggest that routines are independent of the individual actors who execute them and are capable of surviving considerable turnover an organization's individual actors.

A synthesis of the literature on KI identifies different mechanisms that contribute to the integration of knowledge. These can be divided into three main groups:

1. Communicative: communication networks, knowledge integrators, communities of practice, and teams;
2. Directive: rules, directives, routines, group problem-solving, decision-making;
3. Tacit: tacit experience accumulation, articulation, and codification. Recent studies demonstrate that more open business models, as in firms that employ open innovation, for example, imply a higher complexity in communication and negotiation and, consequently, more intricate KI (Celadon, 2014).

Historically, cross-cultural management has become more important with the appearance of Total Quality Management, when some managers began to adopt practices that were successful in other countries. After a while, these managers noticed that culture had an impact on these managerial practices and suggested that this should be investigated more carefully before adopting such practices, given that cultural factors may obstruct or facilitate their implementation (Harris & Moran, 1979). Companies are culturally represented when they send workers to another place outside its boundaries (i.e., another country), which is the unit of analysis of this research. When studying culture, staying close to the phenomena is vital (Hofstede, Neuijen, Ohayv, & Sangers, 1990), in order to explore a firm's internal dynamics (Nicolini, Gherardi, & Yanow, 2003), or its contextual dynamics in the case of a binational collaboration. Conversely, traditional research on culture has traditionally emphasized national-level analysis and the comparison of countries, an approach that has been criticized in the literature because culture cannot be solely defined by nationality (Primecz, Romani, & Sackmann, 2011). As a consequence, other scholars have employed a different methodology for understanding cultural differences and similarities in cross-cultural management studies, focusing on cultural interaction and its influence on organizational environment (Boyacigiller, Kleinberg, Philips, & Sackmann, 2004). Our study employed the same methods.

Communication undoubtedly plays a key role in the process of innovation and disclosure amongst functions of interaction, that is, dialogue amongst services that used to be ignored is now valued and present, for instance, in horizontal coordination. Also, designers of new hierarchical profiles are very concerned with abilities such as listening, enthusiasm, and dialogue. Studies tracking the daily activities of managers show that 75% of their time is spent in communicating, which includes writing, talking, and listening, as business always involves interactions between individuals across multiple domains, including informal and formal, intellectual and emotional (Harris & Moran, 1979, p. 29).

Cross-Cultural Negotiation

In the context of negotiation, studies of the negotiation process have established that there are differences between the ways in which people from different cultures communicate (Adler, Braham, & Graham, 1992). More specifically, the literature has explored what happens when the negotiation attempts occur in the situation of expatriates working outside their home-country cultures (Chung, 2012). Other studies have attempted to analyse behaviour in terms of cultural characteristics from a variety of disciplinary perspectives, including:

- Linguistics (George, Jones, & Gonzalez, 1998)
- Psychology (Eid & Diener, 2001; Triandis, 1995; Ulijn, Rutkowski, Kumar, & Zhu, 2005)
- The more general field of business negotiation (Adler & Graham, 1989, Adler et al., 1992, Burdett, Shi, & Wright, 2001, Cai, Wilson, & Drake, 2000, Fayerweather and Kapoor 1972, Fisher, Ury, and Patton 1991, George et al., 1998, Li, Huang, Su, & Higdon, 2002, Pye 1982, Tse, Francis, & Walls, 1994)
- Cross-cultural psychology (Davis & Trebilcock, 2008).

Cross-cultural literature considers the variables of:

- High context/Low context (Hall & Hall, 1990): this theory explains the differences in communication styles across different cultures.
- Collectivist/Individualist (Hofstede, 1997): the degree to which people in a given culture consider their own personal benefit as opposed to community needs.
- Power distance (Hofstede, 1997): the degree to which people in a given culture are accepting of the gaps in society between those with power and those on the bottom rungs.
- Uncertainty avoidance (Hofstede, 1997): the degree to which members of a society accept risk and an uncertain future.
- Masculinity/Femininity (Hofstede, 1997): the degree to which people are out to win and achieve, as opposed to nurture and care.

Context is important for understanding messages when they have the potential to be distorted or omitted altogether. These distortions and omissions can only be recognized by people of the same culture in a communication process and recognition is made through context. As explained below, low-context cultures specify details in communication, leaving little to be interpreted through the lens of context. High-context cultures leave much unsaid, assuming that both interlocutors apply the same contextual lens for meaning-making.

Both Hall and Hofstede's theories provide insight about how people relate to each other, especially through social bonds, responsibility, commitment, social harmony, and communication (Kim, Pan, & Park, 1998). Studies of human behaviour patterns in communication help to better understand cultural differences across cultures.

Negotiation and Communication Characteristics: Brazilian Versus French

A previous study has compared negotiation behaviour of six cultures (the United States, Russia, France, Brazil, Japan, and Hong Kong), using the low/high context culture continuum (Gelfand and Brett 2004). Brazil and France appeared in the middle of this continuum, which demonstrates a similar negotiation behaviour. To further understand cultural behaviour in a negotiation, Erin Myer made the link between emotion and context. Brazil and France both score high in the 'emotionally expressive' dimension but differ in the 'confrontational' dimension, where France is considered highly confron-

Table 19.1 Cultural map of Brazil and France

Low-context	**Communicating**	High-context
BR		FR
Direct negative feedback	**Evaluating**	Indirect negative feedback
FR		BR
Egalitarian	**Leading**	Hierarchical
BR		FR
Consensual	**Deciding**	Top-down
BR		FR
Task-based	**Trusting**	Relationship-based
FR		BR
Confrontational	**Disagreeing**	Avoids confrontation
FR		BR
Linear time	**Scheduling**	Flexible time
FR		BR
Principles-first	**Persuading**	Applications-first
FR		BR

(Adapted from Meyer, 2014)

tational whereas Brazil avoids confrontation (Meyer, 2015). These categorizations further assist with understanding how aggressive negotiators may be based on their cultural backgrounds. The authors developed a cultural map and, when comparing Brazil and France, the results are (see Table 19.1).

Context governs the communication style people use in a negotiation process. People from a high-context culture such as France provide a high level of words and a low level of content. High-context communicators discuss topics in a holistic manner, and the conversation can be less objective in comparison to low-context ones. They use imprecise terms and use many words, gestures, and whatever else is available to support their statements. The typical means of argument is to present the evidences of the context first and then proceed to get to the point. By contrast, low-context people provide few words, but the content is explicitly contained in the words. High-context people expect their intention to emerge by their counterpart successfully reading between the lines of a multiplicity of statements.

The next continuum has collectivism at one extreme and individualism at the other. France and Brazil are collectivist societies. The networks in which people from these countries frame their interactions are based on multiple layers which might include kinship ties, old school ties, regional links, or community-of-origin links.

The power distance continuum refers to the extent to which people from different cultures tolerate differences in status between individuals. France and Brazil are very similar in terms of high-power distance culture, where it is accepted that there is a high level of difference in status and power between members of society. This similarity affects how a French and a Brazilian will interact while negotiating with one another. For example, when a French manager negotiates with a French employee, both parties are clear on the responsibilities and legality of the activities owing to a similar acceptance of power distance that responsibilities are understood on a more equal level. When a French manager negotiates with a Brazilian employee, the tasks are the same, but the French manager assumes higher level of influence, while the Brazilian manager accepts the lower level of influence in a negotiation.

Negotiation and Communication Characteristics: Australian Versus Chinese

The developing Western interest in China in recent years has been primarily triggered by economic considerations—a new market of nearly 25% of the world's population cannot be ignored. Although there has been increasing academic interest in Chinese-Western interactions, there is a difficult question as to what theoretical perspectives should be deployed in practice. We discuss the meeting between Chinese and Western (in the form of Australian) culture, based on the elements introduced above.

People from a low-context culture such as Australia provide a high level of content and a low level of words. Low-context communicators discuss very specific topics, ask direct questions, and expect direct answers. They use precise and fewer words, talk specifically, and straight to the point. The typical means of argument is to present the main point first and explicitly and then proceed to provide the evidence to support this point. By contrast, high-context people such as the Chinese provide a high level of words, but the content is not explicitly contained in the words. High-context people expect their intention to emerge from a reading between the lines of a multiplicity of statements (Hall 1976).

The next continuum has collectivism at one extreme and individualism at the other (Hofstede, 1997). China is a collectivistic society, and Australia is an individualistic society. The networks in which Chinese people frame their interactions are based on multiple layers which might include kinship ties, old school ties, regional links, or community-of-origin links. These networks are of a far broader dimension than the individualized interactions which characterize daily existence in Western society. In China, businesses operate on a relationship-based model grounded in the concept of *Guanxi*. Chinese do not do business with parties with whom they are not somewhat connected or related.

The power distance continuum refers to the extent to which people from different cultures tolerate differences in status between individuals. China is a high-power distance culture with Chinese people easily accepting large differences in power and status between individuals. Australians generally do not, expecting their interactions and their surroundings to be more egalitarian. For instance, when an Australian manager negotiates with an Australian employee, both parties are clear on the responsibilities and legality of the activities. The Australian employee is likely to remonstrate or explain their actions rather than immediately accepting culpability for whatever happened or accepting a new policy. When an Australian manager negotiates with a Chinese employee, the manager has significantly more power over the employee due to his/her position. The Chinese employee is less likely to defend his/her position but rather will likely comply regardless of the responsibility and the legality of the request.

Case #1: Negotiation and Communication as an Essential Tool for Expatriate Managers

Australian expatriates on assignment in Shanghai constantly found themselves in situations of negotiation and communication difficulty. At the start of the joint venture (JV), a massive staff cut was required. All staff from Shanghai Huaguang Brewery, the Chinese JV partner, were guaranteed employment by the government as the brewery was a part of the Ministry of Light Industry. Therefore, a staff cut meant returning staff to the Ministry, where no alternative positions would be available. Initially, the Chinese partner attempted to explain to the Australian partners that staff could not be dismissed as they would have nowhere to go. The expatriate manager did not take the advice from his Chinese partner and proceeded with the staff cut. On the morning the announcement was to be made at the staff meeting, the Australian expatriate manager found himself leading the meeting on his own as the Chinese Deputy General Manager (DGM), who would ordinarily join him in leading the meeting, had gone on an unscheduled work trip to another city the night before.

The Australian expatriate manager not only had to struggle to communicate the foreign concept of ‘losing one’s job by being made redundant’ in a foreign language but also found himself in a hostile situation in which workers did not know how to go back to the Ministry and inform the managers at the Ministry that they were sent back to get another job. The Ministry at the time had no positions to accommodate 300 workers (the first batch of the retrenchment).

The 300 staff were sent home. They were angry, upset, and eventually became agitated and hostile towards the Australian expatriate managers. Because of the power distance, no one attempted to discuss proper settlement, training, and future employment. One individual chose attempted suicide as a way of delivering a message to management, and others made suicide threats.

At this point, the management of the Chinese partner embarked on a series of home visits to those who were retrenched. Through face-to-face communication, the managers were able to convince the staff: (1) based on the power distance, they should accept the decisions of the senior management; (2) based on the collective culture, 300 of the staff were made redundant; therefore, no one was singled out so that no one lost personal face; and (3) by visiting the staff at home, the personal touch and connection was made. The staff were made to understand the JV did not require the previous number of staff for its operation. Still not satisfied, the staff, nevertheless, began to accept the layoffs. More importantly, the suicide threats were withdrawn.

The Chinese managers were particularly proud of their results and clearly disagreed with the method that the Australian managers had used in the first place. In order not to avoid conflict, they had intentionally made themselves unavailable on the day of the announcement. In the interviews, one Chinese manager commented:

> The Australians have no idea how to handle conflict in China or handle Chinese employees. It was an embarrassing moment for those 300 to be told that they lost their jobs in front of everyone. What we did was to visit them each one-by-one at home where their face was protected. Negotiations with Chinese staff in this situation can't be done in groups, especially not in public.

The examples of this type in the above Australian-Chinese negotiation case are not rare. During negotiation of the contract, which was the first fundamental step of the Chinese-Australian JV, the Australian team's lack of essential understanding about negotiation with Chinese was detrimental. They expected that once the contract was signed, parties simply needed to perform the contract. While this is standard operating procedure in Australia, Chinese cultural practice is different; negotiation is an ongoing process, even after agreements are reached, or contracts are signed and sealed.

One incident that bore this difference out occurred when—having invested six weeks of negotiation around a particular issue before finally reaching agreement—the Australian chief negotiator discovered a month later that his Chinese counterpart had not had the agreed-upon terms approved by a higher authority.

The Australian dealt with the incident in a very assertive manner to the extent that his Chinese counterpart lost face. The conversation, in part, went like this:

> Tell Mr Wang I have the authority of our chairman and I can negotiate a deal, and the board and the chairman have signed off on it the minute I agree with it. You tell them there will be no further negotiations until we get somebody in this room who has got authority… because obviously we are dealing with people who don't have any authority, and I am happy to send some underlings up here to deal with them. But if you are going to deal with me, I want to deal with someone who has equivalent authority to me.

A third example which demonstrates a combination of the cultural elements in a communication process was when the second Australian General Manager (GM) for Shanghai of the JV was appointed. He was appointed to the position due to his past experience with an Australian government agency but, more importantly, for his Chinese language skills. The language skills unfortunately had a typical Glass Wall Effect (Chung, 2008) for the GM. A Glass Wall Effect describes a situation in which a person, having some limited knowledge of a situation or issue, mistakes their limited knowledge for a comprehensive understanding of the scenario. This poses a greater danger for the situation than total ignorance would have. The GM regarded the language skills as the primary element of his job and ignored many others—including navigating cultural differences. To begin with, he had learnt the Chinese language in Taiwan, where the language is spoken somewhat dissimilarly from its use in Mainland China. Moreover, there are many cultural differences between Mainland China and Taiwan—particularly, surrounding political topics—and the GM's Taiwanese experience set him up for failure in this regard *at least* as much as his partial knowledge of Chinese language and culture set him up for success.

This GM's first meeting with the DGM—a Chinese local from Shanghai—was his first failure and the first sign of the Glass Wall Effect. In their first meeting, he said to the Chinese DGM that he would love it if the DGM would help him more with his language deficiencies. While this may have been well intended—even intended as a desire to learn more about Chinese culture—he did not understand how this sentence would be understood by someone truly raised in Chinese culture. The DGM felt that the GM's intention was to demote him and sidetrack him, using him as an interpreter—a position far lower than the DGM's current rank.

After this conversation, the DGM immediately found himself a position with the JV's main competitor—Foster's competitor, Lion Nathan—the sole other Australian brewery operating in China. He took with him a team of other management staff over to the competitor.

Case 2: Kuhn Acquisition of Kuhn-Brazil (Kuhn-MB)

Kuhn acquired a Brazilian agricultural machinery firm (MB) in 2014, and it is still in the process of consolidation by means of exchanging knowledge between MB and Kuhn in France, the parent firm. Michel Siebert, the CEO of Kuhn Group, has said that 'Kuhn and MB share similar values and the same vision of future market opportunities.' This acquisition was expected to represent a major step in Kuhn's global long-term growth strategy in Brazil and other South American markets (Kuhn Inc., 2014). Still, Kuhn Group is dealing with inter-professional challenges after the acquisition of MB. Some of those challenges relate to experiences of French Kuhn managers who have been on managerial assignments at MB in Brazil.

Our analysis unveiled the ten most cited words and themes in interviews with Kuhn-MB expatriates in relation to their collaborative experience:

- Centralized (and decentralized).
- Priority issues.
- Planning (and lack of).
- Consensus
- *Jeitinho Brasileiro* ('The Brazilian way of doing things').
- Hierarchy.
- Problem-solving.
- Similar (and different).
- Changes.
- Trust (and distrust).

French Kuhn workers did not know how difficult or easy it would be to work in Brazil. They encountered very open people, and this helped them to settle in upon their arrival. Differences soon appeared, indicating that further challenges were still to come. Communication was mentioned by the expatriates as one of the first differences they noticed, observing that in France people tend to search in a more in-depth manner for information, in comparison to Brazilians who tend to accept things without questioning and are more superficial. Physical surroundings, such as skyscrapers, and the messy electricity cables linking the light poles all over the city suggested that things were not as organized as in France. On the other side, they found people very welcoming and friendly in general, 'with the exception of some people in Curitiba who are very closed and don't even answer when you greet them. But they don't represent Brazil. (…) Things go well in first encounters, but making friends is not so easy' (FAO).

Trust was one of the most mentioned issues; the experience reported by all interviewees was largely similar to this one:

> Sometimes a person (Brazilian) says: 'Don't worry, I will do this.' I trust the person's word… but later on, when I ask why such thing has not been done, all sorts of explanation are given. It has happened to me a thousand times… And this diminishes trust, obviously. There is a French saying: "La confiance n'exclut pas le contrôle", that is, trust does not exclude control. In Brazil, controlling is probably more important than trust. One thing that should be considered is the fact that workers cannot fulfil a task if they did not receive appropriate training for this. So, if we want to trust them, we first need to provide the tools for that (…). In France people tend to ask more questions in order to perform a task. Brazilians have to be pushed to think about solving a problem, whereas in France workers are more independent. In Brazil is common to arrange a meeting at a certain place and time and people just don't turn up. This is impossible to happen in France. But when it comes to professional meetings, it depends on one's position to be more respected or not. Generally saying, French people take longer to trust people in comparison to Brazilians. However, once they do, it is forever. Here we need to supervise people closer than in France to see what is really happening.

The answers clearly show a mismatch between the two ways of working. Control and hierarchy appear to be some of the foundations of trust from the Brazilian perspective and interviewees say that the parent-subsidiary type of relationship intensifies this. Training has been identified as helpful for laying the foundations of trust. In this perspective, well-trained professionals become more reliable and are, therefore, more trustworthy. With regard to hierarchy, interviewees said:

> People in Brazil respect hierarchy more than in France. Levels are well defined here and it are certainly more important than there. The extensive use of "senhor" before a person's name confirms this. This has possibly an influence from the church in Brazil that demands hierarchical respect… It does not exist in France. The position you hold in the firm determines the level of trust you can expect, as people tend to be more respectful to higher positions.

French people tend to plan things in advance much more carefully and have a better sense of priorities. They said that Brazilians work really well when you need a job to be done quickly by mobilizing a joint effort from many people. They don't perform as well in long-term jobs, though, due to a lack of planning and inattention to defining priorities.

French workers mentioned the *jeitinho brasileiro*, noting its positive and negative aspects. On the one hand, it demonstrates how Brazilians try hard to problem-solve using their initiative and reactivity. On the other hand, it also reflects a lax attitude towards rules as well as a lack of training; by improvising a solution rather than going about things the proper or officially-sanctioned way, they increase risk levels—and things might go very wrong. And, the more you set rules in place, the stronger the tendency to circumvent them becomes. An excess of written rules is seen as a burden, which intensifies the use of *jeitinho brasileiro* because:

> It is impossible to follow so many rules and also deal with the Brazilian bureaucracy. That's is when jeitinho brasileiro appears to dodge these barriers, as a lot of these rules are a real nonsense. (FEI)

Final Thoughts

This chapter examined cross-cultural negotiation and communication using two case studies of expatriates to highlight the challenges of working on overseas assignments. By looking at individuals as resources of the firm, this chapter explained that KI across different cultures through negotiation and communication is critical for a firm's success as well as for the expatriate's success.

The chapter particularly demonstrated negotiation and communication obstacles which impacted on firms' ability to adapt in a cross-cultural environment. The study is supported by two cases—of Australians working in China, and French working in Brazil—to demonstrate the challenging environment in which expatriate managers work. It stresses that without the knowledge and understanding of cultural differences, communication failures are likely—endangering the success of the entire assignment. It, therefore, emphasizes the importance of cultural KI in negotiation and communication.

The increasing mobility of executives, global expansion of multinational corporations, and spread of technology will see more cross-cultural business activities in the international market. The suggestions in this chapter can inform preparation for, and implementation of, all cross-border assignments. It is strongly argued that cultural issues must be highlighted in the process of any future assignment involving cross-cultural negotiation and communication. As a result, we suggest that this topic should be integrated into global companies' training and development programme.

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20

The Australian Style of Negotiating with Managers from China

Ruby Ma, Jane Menzies, and Ambika Zutshi

Introduction

This chapter is set against the backdrop of China's recent emergence as 'the fastest-growing economy in the world' (Paul, 2016, p. 207) and as a powerful global influence. The rise of developing economies in the world and China's economic growth and strength in exports (Paul, 2016; Paul & Mas, 2016) have also seen China's star rising as a key international player in business, offering great opportunities for foreign companies (International Monetary Fund, 2014). In 2011, China surpassed the United States and became the leading country for manufacturing goods. Research has also predicted 'China will surpass the United States as the largest economy by 2050' (Paul, 2016, p. 216). This suggests that doing business with the Chinese and understanding how to negotiate with them is important for all other nations.

China's importance to Australia, in particular, is evident from its trade records. China is an important two-way trading partner of Australia. It is Australia's largest merchandise trading partner and has recently become Australia's largest export market for both goods and services, accounting for nearly a third of Australia's total exports (Department of Foreign Affairs and

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Trade (DFAT), 2017a). China is also the country that Australia imports the most from and a growing source of foreign investment for Australia (DFAT, 2017a). The Australian government has carefully pursued opportunities to strengthen the relationship between the two countries by focusing on trade, growth, investment, and business. This is because the growth of Australia's bilateral relationship with China will benefit Australian businesses and households by 'diversifying trade, increasing investment, deepening integration into global value chains, and enhanced international competitiveness' (DFAT, 2017b). They have done this by commencing and concluding negotiations for a free trade agreement called ChAFTA (DFAT, 2017b). This agreement offers great opportunities for Australia to foster a closer business relationship with China (DFAT, 2017a).

Given this context, it is important that both Australian and Chinese managers have a good understanding of how to negotiate with each other. Despite China's global importance and its role in trade and the future of the Australian economy, negotiations with the Chinese have continued to be challenging for most Western business people (Ma, Dong, Wu, Liang, & Yin, 2015). Furthermore, a closer assessment of the international business interactions between China and Australia reveals marked differences in the Australian and Chinese cultures and their respective approaches to negotiation, communication styles, and tactics (Rivers & Volkema, 2013). In particular, the differences in negotiation styles between Australians and the Chinese can be a result ranging from differences related to notions of collectivism/individualism and face, to theories on how negotiations should be conducted, and to the display of emotions (Table 20.1).

Past negotiation and communication research has mainly focussed on the United States, Japanese, and European contexts (Adair & Brett, 2005; Adair, Okumura, & Brett, 2001; Adair, Taylor, & Tinsley, 2009); however, other research has focussed on the Chinese context (Ghauri & Fang, 2001; Ma, 2007a; Ma et al., 2015; Ma & Jaeger, 2005). However, limited literature exists on Australian and Chinese negotiation and communication processes, such as the preferred negotiation tactics employed by the Chinese, with only Rivers and Volkema (2013) conducting such a study. Whilst the literature has identified that there are cross-cultural differences between managers from different countries, the literature has been relatively quiet on context-specific negotiation between Australian and Chinese managers. This chapter adds to the research literature by identifying key issues to consider regarding negotiation between Australians and Chinese, as highlighted by Australian managers who negotiate with Chinese counterparts.

Table 20.1 Negotiation differences between Australian and Chinese managers

	Australian managers	Chinese managers
Collectivism/ individualism	Australians are individualistic, and goals may be more individualistic than group orientated	Chinese are a collectivist culture, and goals maybe more group orientated
Face	Australians do not necessarily find 'face' important. Whilst respect is important to some degree, it does not gain the same level of significance as in China	In negotiations, Chinese seek to maintain face. Face is important to have, and it is important not to embarrass people or lose face
Theories on how negotiation should be conducted	Australian managers are more pragmatic, assertive, and adversarial in negotiations	Chinese rely on the 36 stratagems identified in Sun Zhu's Art of War, including 'Diverting Attention, misrepresenting information, and making false promises'
Display of emotions	Australians believe that feigning negative feelings/emotions is appropriate in negotiations	Chinese see feigning positive emotions as more appropriate

Adapted from Rivers and Volkema (2013)

This chapter is organised in the following way. First, the literature in the area is overviewed to identify the key negotiation issues regarding negotiating with the Chinese. We then examine these negotiation issues through interviews conducted with 25 Australian managers with experience in negotiating with the Chinese. These findings are conceptualised into a framework of best practices for Australian managers negotiating with Chinese counterparts.

National Cultural Analysis: Australia and China

The most widely accepted model for analysing cultural dimensions of countries was framed by Geert Hofstede (1984), who introduced a number of dimensions. Viewing the data regarding Australian and Chinese cultures, significant differences stand out as indicated in Table 20.1, which is based on Hofstede Insights (2017). For example, Australia is characterised as being high on individualism; conversely, China is high on collectivism (Hofstede Insights, 2017). Australia is low on power distance, with egalitarianism being a dominant cultural feature; China has traditionally been high on power distance, and people are expected to maintain their roles and authority in relationships (Hofstede Insights, 2017). Similarly, China is a country that scores high on uncertainty avoidance, whereas in comparison Australia scores low on this dimension. This means that Chinese are less likely going to want to make independent decisions, and they prefer to follow specified rules (Hofstede, 1984). That is, they avoid uncertainty. Whereas, Australians tend to be more creative and like to make their own independent decisions (Hofstede, 1984). The only dimension where Australia scores similarly to China is the masculinity versus femininity dimension, with both countries scoring moderately on this item (Hofstede Insights, 2017). Masculinity/femininity refers to the goal behaviour of individuals of a given country (Hofstede, 1984). For example, countries scoring high on this dimension would be very goal orientated and hence masculine (Hofstede, 1984). Those countries scoring low on this dimension would be more passive and caring and hence be categorised as feminine (Hofstede, 1984). Given these differences, it would be expected that there would be issues with negotiations between these two groups, or at least initially, whilst respective counterparts get to know each other and learn how to interact with each other. Given that Australia and China score differently on these dimensions it would be expected that when Australians try to negotiate with the Chinese and vice versa, they would encounter challenges (Table 20.2).

Another model for discussing cultural differences is Hall's (1976) distinction between high context versus low context communication styles. China and Australia are very different when viewed through the perspective offered by this model. Australia is a low context communication country, meaning that communication is direct and to the point, and people say what they are thinking, even if it might be hurtful or problematic to other people. On the other hand, China is a high context communication country (Hall, 1976), where people are indirect with their communication styles, may not speak directly to the point, and will prefer to save face and increase harmony by not delivering bad news. Australians will say their intentions specifically; Chinese will assume you understand the cultural layers of intent and nuance embedded in the language and the way things were phrased and delivered. These

Table 20.2 Cultural comparison between Australia and China on Hofstede's cultural dimensions

Hofstede's cultural dimensions values	Australian	Chinese
Power distance	36	80
Masculinity/femininity	61	66
Collectivism/individualism	90	20
Uncertainty avoidance	51	30
Long-term orientation	21	87

Authors' creation using Hofstede Center's Data differences in communication styles can then influence the way in which Australian and Chinese managers negotiate with each other. The next section examines the key literature in this area.

Chinese Negotiation Styles Identified in the Literature

In this section, we first define negotiations and then present the key negotiation styles of the Chinese.

Defining Negotiation

Negotiation can be viewed as a unique form of communication that focusses on potential disagreements between parties involved and concentrates on accomplishing some level of mutual agreement between the people involved (Putnam & Roloff, 1992). According to Mintzberg (1975), the role of negotiator is one of the ten most important roles managers must perform in their decision-making, and more so, they have to spend a significant part of their work in negotiations (Mintzberg, 1975; Vieregge & Quick, 2011). Rubin and Brown (2013, p. 2) define negotiating as, 'to deal and bargain with another or others so as to arrive at the settlement of some matter.' According to Morley (1981, p. 95), 'negotiation occurs whenever people confer, or exchange ideas, to define or re-define the terms of their relationship.' The negotiation process assumes that the parties involved are willing to communicate and to generate offers, counter-offers, or both. In general, agreement results if the proposals made are accepted by both negotiating sides, and negotiation involves several key components including two or more parties to a negotiation, their interests, their alternatives, the process, and the negotiated outcomes (Neale & Northcraft, 1991). Negotiation is a process where individuals work together to make a deal on what they want via communication, which can include some give and take to accomplish mutually agreed and beneficial outcomes, and where a number of objectives are achieved between the parties involved (Fisher, Ury, & Patton, 2011; Kobayashi & Viswat, 2016; Ladegaard, 2011). In this chapter, negotiations are defined as the formal and informal negotiations conducted for business purposes between two business counterparts, namely, the Australian and the Chinese executives and managers of business ventures.

Key Issues When Negotiating with the Chinese

Previous research has provided suggestions regarding differences between Eastern and Western practices in negotiations and, more specifically, highlighted some of the potential obstacles that Westerners might face when negotiating with the Chinese. These differences could lead to challenges for Australian managers negotiating with the Chinese (Ghauri & Fang, 2001; Ma et al., 2015; Miles, 2003). Researchers of cross-cultural business negotiations have found that cultural aspects can influence the negotiation process (Hartel, Ma, & As-Saber, 2010; Leung, Chan, Lai, & Ngai, 2011; Rivers & Volkema, 2013). This literature is now examined in detail.

The importance of cultural understanding: Chinese business negotiation styles with an indigenous perspective have been researched, by exploring the culture's influence on the impact of the Confucian ideal personality of business negotiation in China (Ma et al., 2015). Cultural understanding and experience in doing business with the Chinese is particularly important, as sound business negotiation requires an understanding of the respective business counterparts' negotiation styles, which can be influenced by cultural beliefs and social norms (Gelfand et al., 2013; Ma, 2006, 2007). Specifically, in the case of the Chinese counterparts, certain aspects of Confucianism (Ma et al., 2015) such as *guanxi* (Chung & Menzies, 2012; Hartel et al., 2010) and the Chinese concept of face (Leung & Chan, 2003) can influence Chinese business negotiations. Even though Australian managers are professional in their negotiations with their Chinese counterparts, it sometimes happens that their lack of in-depth understanding of Chinese cultural aspects can cause misunderstanding—leading to negotiations deteriorating and perhaps failing. This is because, at times, the Chinese approach to business negotiation can challenge the conventional Western business logic. Despite China being an important economy in the global market, most Westerners can still find negotiating with the Chinese a challenge (Ma et al., 2015). Therefore, it is important for Australian managers to practise cultural awareness and increase their understanding of Chinese cultural values and negotiation approaches, in order to increase their chances for successes in negotiations with Chinese counterparts.

The need to develop trust and guanxi: Generally, the literature on negotiation has highlighted the importance of trust building between negotiation counterparts, in order to achieve individual and joint negotiation success (Ebner, 2007). Specifically, trust has been found to be important in international business negotiations in the Chinese business context (Lee, Yang, &

Graham, 2006; Zhang, 2014). Although establishing trust is also important in Australian negotiation contexts, the means by which business people in the two countries go about developing trust is different. Past research has also suggested that one of the most important cultural aspects to consider when negotiating with the Chinese is *guanxi* (Ma et al., 2015) and face (*mianzi*) (Aslani et al., 2016; Chan & Ng, 2016; Ma et al., 2015; Mahadevan, 2015), and these should be considered in the cross-cultural negotiation process.

In a nutshell, *guanxi* in Chinese literally means 'relationship' or 'relation,' and it can also be in general translated into 'special relationship' or 'connections.' It is deeply rooted in the Chinese society and is regarded as a guiding principle of economic and social organisation (Bian & Ang, 1997; Cheng & Rosett, 1991). However, in the Chinese context, *guanxi* goes beyond relationship or connection. It demands very personal interactions with other people and usually involves reciprocal obligation (Bian & Ang, 1997), or as suggested by some researchers, it can be a set of interpersonal connections that help with the exchange of favours between people on a 'dyadic basis' (Hwang, 1987). The notion of face (*mianzi*), in the Chinese context, means that Chinese would want to avoid publicly embarrassing or criticising someone, as this would cause them to lose 'face' (Groth, 2012). This means that Chinese would prefer to please their counterparts in negotiations; thus, they might not express their annoyance or disagreement with matters and would prefer to give the negotiation counterparts 'face'—*mianzi*—and not cause them to lose face or get upset during negotiations (Zhang, Ting-Toomey, & Oetzel, 2014).

Negotiators from collectivist cultural groups tend to focus on building relationships as compared to their individualistic counterparts (Samaha, Beck, & Palmatier, 2014). It is suggested that for Australian managers who wish to negotiate with the Chinese, they will need to develop relationships with their Chinese counterparts first and establish trust before negotiations start.

Cross-cultural communication in negotiations: Communicators from dissimilar cultural groups can potentially experience confusion in communication, with messages being misinterpreted due to the absence of a shared cultural context (Scollon, Scollon, & Jones, 2012). Understanding the context of communication is important in cross-cultural communication (Jandt, 2015), including that part of the context comprising your counterpart's culture. Past research has suggested that language differences can lead to miscommunication and potential negotiation failures between counterparts from dissimilar cultures (Sebenius, 2002). Consequently, people need to be able to make sense of the idiosyncrasies of others and to recognise their own (Hall, 1990). Inter-cultural communication occurs when a person of one culture produces the communication message and a member of a different culture

(Porter & Samovar, 1988, p. 15) receives the message. Cross-cultural communication is when an appraisal is made on how diverse cultures communicate via the use of intra-cultural communication within their cultural group (Scollon et al., 2012). Moreover, culture can also affect the way individuals communicate in negotiations (Gunia, Brett, & Gelfand, 2016; Samovar, Porter, McDaniel, & Roy, 2015; Zhu, McKenna, & Sun, 2007).

Chinese high* versus *Australian low context communications: Chinese culture is characterised as being a high context communication culture. Accordingly, high context communication generally involves a vast amount of the information being internalised and requiring the receiver of the message to interpret the meaning from the context and not just from the language, such as the spoken or written words. Conversely, low context cultures communicate information more explicitly and rely more on spoken and written words to clearly deliver the message instead of emphasising the context for meaning (Hall, 1976; Tran, 2016). Negotiating with the Chinese, Australian managers will find themselves being required to interpret indirect messages transmitted by their counterparts, which will be on top of any language differences, which can be bridged through knowledge of the language or use of an interpreter.

Chinese cultural value of seniority: Another cultural difference Australian negotiators should bear in mind in negotiations is the Chinese value of seniority. Chinese culture places emphasis on hierarchy, making the more senior members of the Chinese team the decision-makers in negotiations. This is supported by research demonstrating Chinese are culturally more hierarchical and tend to give more power to senior members in business negotiations (Lügger, Geiger, Neun, & Backhaus, 2015). This also indicates the Chinese value of power distance (Hofstede, 1984). Given the strong focus of seniority in Chinese culture, we would expect that negotiations with the Chinese would have a strong influence of seniority within it. Australians are much more egalitarian in nature and therefore do not place as much importance of having senior managers representing companies in negotiations or being the one to make decisions.

Negotiation approaches: Win-win, giving, and saving face: Past research on negotiation has mainly focussed on bargaining, conflict and its resolution, and overcoming difficulties in negotiations in order to achieve exceptional outcomes for one side of the negotiation party (Lewicki, Barry, & Saunders, 2011). More contemporary research on negotiation has moved from the competitive approach of winning or losing (i.e., win-lose) to a more cooperative approach of achieving a win (i.e., win-win) for both parties through interest-based or integrative negotiation (Fisher et al., 2011; Lewicki et al., 2011; Ma & Jaeger, 2005). The literature is undecided on whether Chinese tend to take a win-win or win-lose approach to negotiation.

Accordingly, this research explored the behaviours of Australian managers and that of their Chinese counterparts to see how each side would overcome obstacles during negotiations to get a positive, exceptional outcome—and who would be deemed winners and losers.

Investigating the Impact of Cultural Factors on Negotiating with the Chinese

To investigate the cultural impacts on Australian managers when negotiating with the Chinese this research used a qualitative approach (Creswell & Poth, 2017; Yin, 2014). This, owing to our objective, is to find out in depth the types of issues that Australian managers experience when they conduct negotiations with the Chinese. As qualitative research, we do not hold our findings to be generalisable; rather, we aim to generalise to theory, which Yin (2014) refers to as analytical generalisation.

Semi-structured interviews (Rubin & Babbie, 2012) were conducted with 25 Australian managers who had experience in negotiating with the Chinese. A semi-structured interview guide was created based on the literature, and ethics approval was gained from the researcher's university to conduct the study. Based on this ethics approval, the researchers ensured that interviewees voluntarily participated in the research and that they gave their informed consent to do so. The researchers also ensured that the interviewees remained anonymous in the reporting of the results, and accordingly, the interviewees' names have been changed to pseudonyms.

Once ethics approval was gained, a purposeful sample strategy was used (Collingridge & Gantt, 2008), where potential research participants were contacted based on the following criteria: (1) the participant had experience negotiating with the Chinese in the last five years, (2) the participant was Australian, and (3) the participant had worked for an Australian company doing business in China. Once individuals had been contacted and interviewed, the snowball method of sampling (Hornby & Symon, 1994) was used where interviewees were asked if they knew any other individuals who would be suitable for the study and if they could recommend them for participation in the study. From this process, 25 interviews were conducted. The sample of interview participants is provided in Table 20.3.

This research involved interviewing 25 senior Australian business executives and managers with varying industry backgrounds, including mining,

Table 20.3 Research participants' characteristics of the 25 Australian managers interviewed

Code	Gender	Organisation position	Company pseudonym	Company activities in China	Length in China
M1	Male	Director/CFO	Engineering Co	Buyer of mechanical engineering/ motor supplies	>15 years
M2	Male	General manager/ engineering director, and executive	Cable and engineering co	Buyer of electrical cables/ engineering supplies	<5 years
M3	Male	Executive director, engineering	Engineering Co	Buyer engineering supplies/motors	5 years
M4	Male	Barrister and council	Law and financial Co	Business/trade advice	<5 years
M5	Male	Director of sales and marketing	Electronics Co	Sales and marketing of electronic supplies	5 years
M6	Male	General manager—international	Insurance Co	Insurance products	5 years
M7	Male	Australia international manager	Engineering Co	Buyer of engineering supplies	>5 years
M8	Female	Manager (Hong Kong)	Retail and Consumer Services Co	Buyer for Australian retail products	5 years
M9	Male	Australia national product manager	Engineering Co	Buyer of engineering and motor supplies	<5 years
M10	Male	Manager, men's wear, director of buyers	Retail Co	Buyer for Australian retail products	10 years
M11	Male	CEO	Mining Co	Seller of Australian minerals	5 years
M12	Male	Vice president, risk manager, Aust and New Zealand	Finance and Money Co	Finance and money	>5 years
M13	Male	Director, business acquisition services	IT Consulting Co	Business solutions and acquisitions	<5 years
M14	Male	China manager	Banking Co	Banking	5 years

(*continued*)

Table 20.3 (continued)

Code	Gender	Organisation position	Company pseudonym	Company activities in China	Length in China
M15	Male	General manager for China business	Postal Services Co	Postal services and solutions	<5 years
M16	Male	Senior manager	IT Consulting Co	IT	<5 years
M17	Male	General manager of business development, Australia	Mining Co	Seller of minerals	5 years
M18	Male	National manager, Australia	Tyre Recycling Co	Tyre recycling	<10 years
M19	Male	State manager (Vic/Tas)	Bathroom and Kitchen C	Buyer of bathroom and kitchen products	5 years
M20	Male	National account manager	Paper and Packaging Co	Seller/buyer of papers and packages	12 years
M21	Male	General manager Asia	Paper Solutions Co	Seller/buyer of papers and packages	15 years
M22	Male	Procurement manager	Paper and Packaging Co	Seller/buyer of papers and packages	5 years
M23	Male	Operations manager	Paper Solutions Co	Operations manager of papers and packages	<5 years
F24	Female	Vice president (Hong Kong and China)	Supply Chain Management Co	Buyer and seller	14 years
F25	Male	Executive director	Health Supplements Manufacturing Co	Manufacturer, buyer, and seller of health supplements	>5 years

Authors' own creation

banking, education, manufacturing, retail, insurance, export and import, and others. Altogether, there were 23 males and 2 females, and Table 20.1 provides further details of the businesses of these participants. The majority of the interviewees were Australian executives in senior managerial positions in private and public industries based in Australia. The interviewees were all experienced in cross-cultural business negotiations and had previously engaged in business negotiations with the Chinese. One interesting point about the context of the interviewees is that they were all involved in trade deals and not large-scale foreign direct investment (FDI) deals. As such, the levels of risk and commitment of financial resources that would form the focus of negotiation discussion for trade deals would not be as great as negotiations that involved millions of dollars of FDI.

Once interviews were conducted, they were transcribed and entered into Nvivo software for thematic analysis. The thematic analysis provides the findings discussed in the next section.

Case Studies of Australian Managers Involved in Negotiation with the Chinese

Having identified key themes in the interviews, we focus the discussion on six main issues that Australian managers experienced in negotiating with their Chinese counterparts.

Development of Cultural Awareness

A total of 24 out of the 25 interviewees commented on the need for Australian managers to have cultural awareness, an understanding of cultural nuances, and respect for Chinese culture when negotiating with Chinese counterparts. This is supported by past research demonstrating the importance of understanding culture in negotiations (Imai & Gelfand, 2010; Lee, Adair, & Seo, 2013; Samovar et al., 2015) as the following demonstrates:

> *I don't know whether it's arrogance or lack of understanding or a mixture of both, they don't actually try and modify their behaviour … People who aren't aware of those cultural differences can easily offend more often than not and are not effective. So there are all sorts of, … cultural differences that you need to be aware of. It's all part of building that sort of cross-cultural understanding (M19, Bath and Kitchen Retail Executive).*

More importantly, awareness of culture can enable negotiators to remain calm and anticipate the counterpart's different communication styles and to formulate their own strategies and moves in order to achieve their negotiation aims. To conduct an effective cross-cultural negotiation, negotiators need to understand how to communicate with, and exert influence over, their counterparts from other cultures (Adler & Graham, 2017). The interviewees commented on the importance of being observant of the Chinese counterparts' culture in negotiations:

> *Firstly, you must know what you are talking about. And then being humble and reading the signs to see how the whole thing is progressing and, yes, sometimes you can't just push it. So, you just have to pull back and see what is happening and see whether there is some other driving force behind the whole thing (M20, Paper and Packaging National Executive).*

Interviewees commented that this cultural understanding could help Australian managers modify their behaviours, which can affect their Chinese counterparts' behaviours and can, in turn, positively influence the negotiations in their favour. The following example demonstrates the importance of doing one's homework in preparation for negotiation to better understand Chinese culture:

> *It's really doing your homework on the host country that you're going to and understand a little bit about their culture and that. People really appreciate that you're taking the effort to indulge in their culture. I know in Australia, we don't seem to worry too much about it here but, what I found in China, if you show a little bit of interest in their culture they just respect that … (M13, IT/Business Acquisition Executive).*

The Chinese counterparts also strongly value the cultural notion of face. Therefore, face-giving and face-saving are highly regarded in negotiations and communication processes. In the event of Australian managers causing the Chinese to lose face due to a lack of cultural awareness or in-depth understanding of Chinese cultural preferences, negotiations might derail and even fail. This theme bears our recent research indicating that face is still critical in negotiation with the Chinese (Aslani et al., 2016; Richard & McFadden, 2016). For that reason, Australian managers need to be aware of the Chinese focus on face in negotiations to avoid failure, as demonstrated by the words of interviewee M1 in the following quote:

> *We probably spent the first hour or two going down one particular track, and then he just changed his mind. We sort of got to a pretty good stage, and then he decided that he was going to change tack. So, I just [pause] got the bit of paper and screwed it up. I said, listen, we have wasted all of our time. I screw up this piece of paper, and I just threw it up the desk, and that was very insulting to him … he was angry … he said we have 10 minutes' break and he left the room. And I later found out if someone is negotiating with you and you've got your peers in the room or subordinate in the room; you've got to save face … I had demeaned him. (M1, Executive and CFO of Engineering/Motor).*

Past research has shown that Chinese can be very skilled and strategic negotiators in business (Ma et al., 2002; Rivers & Volkema, 2013). Although Australian managers can also be highly skilled negotiators, they find that unique Chinese cultural orientations can challenge them, and they feel a special need for awareness and alertness in order to remain adaptable in negotiations. The words of interviewee M15 demonstrate this in the following quote:

> *Cultural awareness is essential. Keeping in mind that the Chinese were merchants when Westerners were still swinging in the trees. They had a long time at things. You need to take time to understand a culture, but you learn very rapidly at the beginning of the process. Take the opportunity during days out to walk around and learn (M15, Postal Services Executive).*

Interviewee M15 recognised how Chinese counterparts, in some cases, were more skilled negotiators than Australians given their far longer and more diverse history of trade and business. For that reason, interviewees recommend Australian managers spend time and effort to learn more about their counterparts and Chinese culture.

Development of Trust and *Guanxi*

One of the major themes identified by the participants was the development of trust (13 out of 25 interviewees) and the need to develop *guanxi* (23 out of 25). The interviewees noted that trust takes a long time to build with the Chinese, but it is very important in developing successful negotiation outcomes. Past research also demonstrates that trust is important but takes time to cultivate and that trust is usually conveyed through *guanxi* (Chan & Tong, 2014). For Australian managers to build trust, they need to focus on building *guanxi* with their Chinese counterparts, as interviewee M17 indicates:

> *It's about relationships, it's about trust, so you need to spend a long time together to have dinners, to play some golf. Having a good time together, but perhaps that's one of the moments where they really see that you have trust together and maybe that's the actual [goal] for the night (M17, Mining Executive).*

Previous research indicates that Chinese counterparts will only lower their guard once *guanxi* and trust has been built with them. Chinese would prefer to do business with people they know or have *guanxi* with, and *guanxi* enables trust to be developed (Lee et al., 2006). The following quotation indicates the long and timely process to build *guanxi*:

On the same note, once they've got to know what you're after, once they've got a little bit more on the personal side and knowing that they can be—(trusted) … they can lower their guard a little bit and you won't think any lower of them because they made a slip up in the language. It does come a little bit easier but definitely, it's a long wait I'm telling you. It's not something that would happen in the first meeting. It's months (M13, Business Solutions, and Acquisitions Executive).

Consequently, Australian managers should be focused on building *guanxi* to improve negotiations at the outset. The interviewees explicitly emphasised that having *guanxi* is better than having no *guanxi* with their Chinese counterparts, as the Chinese will treat the people they have *guanxi* with more favourably in negotiations. Another three interviewees discussed the importance of having a strong *guanxi* and personal relationship with the Chinese as it can help to influence business decision-making in negotiations. Other interviewees commented more broadly on the advantages of building *guanxi* in business and negotiations, and four interviewees commented that having *guanxi* can help to break the ice in negotiations, as the following suggests:

Build personal friendships that makes the business a pleasure because you're dealing with people that you have empathy with and trust (M10, Men's Wear Retail Executive).

As shown by previous research, people who have built *guanxi* with their Chinese counterparts are likely to be treated more positively (Hartel et al., 2010).

Use of Culturally Appropriate Communication Styles

Given the fact that China and Australia have different communication styles according to the Hall (1976) model, it was interesting to see that the interviewees commented on the importance of having culturally appropriate communication styles when negotiating, with 22 out of the 25 interviewees stating this was the case. Most important was the need to be polite when speaking in English with the Chinese. The Australian managers described communications as more formal and strict in the beginning and gradually becoming more relaxed once *guanxi* was established.

The interviewees commented that if communication is conducted appropriately, it could improve the negotiation experience, whereas, if the interviewees speak harshly, abruptly, or loudly, it can negatively affect the experience. This suggests that speaking in a polite and respectful manner will improve negotiations with Chinese counterparts. Interviewees believed that this was more important than language; if Australian managers spoke in Mandarin, but behaved arrogantly, this would not be appreciated by the Chinese. This supports past findings highlighting the Chinese Confucian value of harmony, which permeates Chinese social interactions and interpersonal relationships (Wei & Li, 2013). Strong preference is given for preserving face, taking care of social connections such as *guanxi*, and reciprocity (Wei & Li, 2013). This is demonstrated in the following quote:

> *I'm not convinced that speaking Cantonese or Mandarin or Hokkien or anything [is helpful], it's the mianzi and guanxi that is important in doing business in China. I don't speak any of the languages ….But I understand the culture. And I think if I was to choose being an arrogant Mandarin speaking Westerner or being a supportive, delicate negotiating Westerner who speaks English, I think the latter is formally acceptable. In fact … "guai lou" who speak in Mandarin is sort of [a] funny look (M11, Mining Company 2 Executive).*

The quotation emphasises how respect for Chinese counterparts and their cultural value far outweighs the need for Chinese language competency. Past research has emphasised the importance of being able to make sense of the idiosyncrasies of others in communications (Hall, 1990; Van de Vijver, Hofer, & Chasiotis, 2010). People need not only convey the correct message but initiate the appropriate reaction from their counterpart in the communication:

> *Everybody was polite. There was no tolerance of loud, aggressive bad behaviour, except in the contexts of [being] amusing or for entertainment. When you're dealing with business, it was very formal, coats were on, ties were on you rolled up the sleeves and let's get into it. So it was very formal (M4, Law, and Financial Executive).*

Research has shown that there are culturally specific communication styles and they can be utilised to interpret cultural idiosyncrasies in communications (Larina, 2015). Some of the examples presented earlier support this research but at the same time, allow new understanding about the benefit of having culturally appropriate styles in negotiation, which can influence the negotiation process and outcome.

Seniority /Hierarchy Matters when Negotiating with the Chinese

The interviewees discussed the importance of seniority in dealing with the Chinese and the importance of observing the cultural expectations of respecting more senior Chinese counterparts. The following quote provides an example of how seniority is important to Chinese counterparts, as part of their traditional Confucius teaching:

> *In China, seniority still counts. So, yes, respect has to be actually given but sometimes, because you are a foreigner, you can be excused but if you actually follow the culture and the tradition you can actually get yourself a head start if as a foreigner you actually adopt those basically right attitudes, then you could actually just get yourself into the good books of the person in the end (M20, Paper, and Packaging, National Executive).*

The finding supports research that Chinese tend to ascribe more power to the senior members in business negotiations as they are more culturally hierarchical (Lügger et al., 2015). A total of 20 out of the 25 interviewees commented on how, in Chinese culture, the hierarchy can make the more senior members of the Chinese counterparts the decision-makers in negotiations. The following example is a reflection from interviewee M17:

> *They are very hierarchical; they like to have people always on the same level at the negotiation table. So, you should be careful to make sure that you have people at the same level as the counterpart on the table, not to disappoint them or to have more productive negotiations. They're very centralised. I mean, they put a lot of people in the room, but there is also always one or two big key people, the others are just to make numbers and to put pressure on you (M17, Mining Executive).*

Furthermore, the interviewees also discussed the importance of respecting senior Chinese counterparts and giving them face in negotiations and business activities. Recent research has demonstrated that senior Chinese managers are more traditional in nature than junior managers and will, therefore, have a higher preference for utilising face/*mianzi* (Aslani et al., 2016; Chan & Ng, 2016; Ma et al., 2015; Mahadevan, 2015) and *guanxi*/relationship building (Tong & Yong, 2014):

> *It's fairly uncommon for the president of the factory to speak English. Generally, most of them can only speak Chinese, particularly most of them are all gentlemen and fifty and above. So, it's very hard to get a bit of personal with relationship happening when you are having someone who you cannot communicate with unless you communicate via a third party. Um, so, and face to those guys is incredibly essential. They can't have their employees see they are being pushed into the direction. And that's when they will get out and walk out … when you push too hard down the wrong channels and sort of start demanding things rather than negotiating things, leading to door close, and that will be it (M9, Engineering, National Product Executive).*

The above quote (interviewee M9) highlights that the Chinese hierarchy norms mean the more senior members of the Chinese counterparts tend to be the decision-makers. In addition, because the senior members tend not to be able to speak English, attention needs to be paid when negotiating with them to avoid any misunderstanding that can cause a loss of face and a negative impact on the negotiation. The senior Chinese counterparts can be more traditional and have a higher preference for conflict avoidance (Zhang et al., 2014), which, as the quote above suggests, will result in the senior manager merely abandoning the negotiations altogether.

Focus on a Win-Win Approach to Negotiation

The interviewees reported on the importance of observing face, giving face, and face-saving as all important practices in negotiations with the Chinese. Moreover, observing face and giving face to the Chinese, and not causing the Chinese to lose face, can help Australian managers with improving negotiation outcomes. Half of the 25 interviewees agreed that taking a win-win approach to negotiation is important, particularly the more experienced negotiators reported this. Taking a win-win approach assists in saving face in the negotiation. Research has supported and demonstrated that the Chinese concept of face is very important in negotiation (Aslani et al., 2016; Samovar et al., 2015). Additionally, by observing the Chinese concept of face and respecting Chinese counterparts, the Australian managers can have a positive effect on negotiation:

> *One of the things you learn over time is that you've got to have a win-win if someone is negotiating with you and you've got your peers in the room, or subordinate in the room, you've got to save face you know, whatever deal we come out with, it has to be a bit of win-win, they can't be seen to be losing face especially in front of their peers …. OK, but I did learn an unfortunate lesson that day. But it can be very frustrating sometimes dealing with them. Absolutely, wasted three hours. Well, anyway, at the end of the day, we did resolve it (M1, Executive and CFO of Engineering/Motor).*

The above interviewee's (M1) words highlight the importance of implementing a win-win approach and practising face-saving so as not to cause the Chinese counterparts to lose face and get angry, which could jeopardise the outcomes of the negotiation.

Moreover, when Australian managers practise giving face to their counterparts, it can lead to positive emotions being experienced by the Chinese, which can positively influence their behaviours during negotiations and encourage collaborations that can enable a 'win-win' for both sides in negotiations. The reverse can also happen, with Australian managers using face-saving to try to save negotiations with their Chinese counterparts to ensure that they too have gained something from the negotiation.

The interviewees described how they used the preservation of Chinese face to put themselves in a more favourable position, with at least 15 of the interviewees referring to the preservation of face. Consequently, the Chinese value respect and reciprocate face-saving gestures through rewarding Australian managers with a more positive negotiation outcomes.

Past research has found that Chinese place a strong emphasis on face as good practice of face-giving and face-saving in Chinese social interactions (Leung & Chan, 2003). This can traditionally facilitate relationship building, which can provide special privileges socially and even facilitate certain economic benefits, like opening up opportunities for business or securing a higher career and social status (Leung & Chan, 2003). The following example illustrates the comment from the interviewee (M15) about how he behaved and communicated with their Chinese counterparts, and how he practised face-saving and giving face to his Chinese counterparts, as a negotiation tactic to enhance the negotiation outcome:

> *You are never quite sure at the outset what the Chinese partners wish to get out of the opportunity, and they are unsure what you wish to get out of it. The joint venture partnership and shares percentages are based on the law or that the Chinese partner will gain more face if they have 51% and you have 49%. It's about them having a face to negotiate first a successful venture, and they control the company. They need to get 51/49 due to face. Face is important and the Chinese feel in control (M15, Postal Services Executive).*
>
> *A classic example … where we spent hours and hours negotiating and, I spent three days negotiating the difference between 80 and 81 … USD on a product because I was happy to give a lucky eight, but she wanted me to have nothing. And we-we went away for three days until she agrees to provide me with something. So she gives me one. So we ended up negotiating 81 a ton but then when she really wanted to give 80, but she-she realised at the end that she needs to give me face, She had to provide me with the 1 …, I mean, it's all about face (M11, The Mining Company 2 Executive).*

This above example from interviewee M11 suggests that overall, it was important for Australian managers not to 'win' too much and instead give face, which supports past research on the importance of face or *mianzi* when doing business with the Chinese (Aslani et al., 2016; Chan & Ng, 2016;

Ghauri & Fang, 2001; Kumar & Worm, 2003; Leung et al., 2011; Ma et al., 2015; Mahadevan, 2015), but in addition, the Chinese managers had to give Australians face. Other research has found that Chinese cultural values can affect negotiation behaviour, for example, Chuah, Hoffmann, and Larner (2014) found that considerations for face and harmony can encourage co-operative decision-making when negotiating with the Chinese.

Past research also demonstrates the importance for negotiators to focus on the outcome in negotiations (Fisher et al., 2011). Interviewees reported that it was important for them to remain outcome-focused whilst taking into consideration the genuine Chinese preference for face-saving and *guanxi*-focussed business, in order not to lose sight of the negotiations. This also gave the individual the ability to overcome the Chinese occasional use of demands of face as a negotiation tactic to achieve their goal and gain an advantage over the Australian managers. The Chinese could also use their face orientation on their Australian counterparts by reasoning that the Australian managers will need to give them face in the negotiations and in doing so may use face as a tactic to get what they want; hence, this is something that the Australian managers had to deal with.

The following quote illustrates how one interviewee (M10) remained outcome-focused and worked logically with his Chinese counterparts to resolve the problems encountered whilst, at the same time, he did not cause his Chinese counterparts to lose face during negotiation:

> *To explain to them that we are about outcome-focussed, we are about performance. I can also accept that things would go wrong … But let's work on this together and take on some of the responsibilities and fixing the problem and bring to the table things that would make their job easy to fix it, that means alternative, the options and you might say, well, I only buy from you … based on 3 things price, delivery or quality … the problem we have here is delivery … the alternatives. … airfreight … if I ask you to … lower the price, I can afford the airfreight and we solve the problems … Simply shouting and banging the table and insisting that they fix it … can be a Western approach … simply would not fix that in China … they would stop listening, they would stop talking and you will never gonna get anywhere… respect their face. (M10, Menswear Retail Executive).*

Overall, the interviewees acknowledged the importance of remaining clear-headed and patient. This is consistent with past research showing that patience is important for negotiations (Salmon, Gelfand, Ting, Kraus, & Fulmer, 2016). The Australian managers practised face-giving and face-saving with the Chinese, whilst simultaneously being focused on outcome in negotiations.

Negotiation Is Cyclical and Involves Many Stages

The interviewees (12 out of 25) highlighted that negotiation with the Chinese is dynamic and not static in nature, and it has many phases or stages and is like a cycle or process. This supports past research which shows the negotiation process involves a number of phases or stages (Zhu, 2011) and tends to take place within a defined time period (Vieregge & Quick, 2011).

The following quote from interviewee M21 illustrates dynamic, changing, and time-consuming negotiation processes with the Chinese:

> *It is dynamic … I have been in meetings where I have met people and before we have even got into formal meetings etc. I know that the deal could be done … We go to a dinner or whatever … You can tell that they are circling you and plotting and finding out a bit more about you. By the end of the night etc. they are warm, they're laughing, they're putting their arms around you … you are one of the group … Yes, they've accepted you. Then after that, it is just a matter of concluding the deal … Whereas that process there is … the informal part …. And then going to a formal stage and then signing up a contract etc. sometimes, yes, they could be the steps you go through. Other times if that bloke doesn't like you over a meal or whatever, he doesn't trust you. You can talk all you like, it is not going to happen (M21, Paper Solutions Asia Regional Executive).*

In this case, Chinese counterparts can go backward and forwards in the negotiation process depending on what they are trying to achieve. This is supported by past research showing that Chinese negotiation can be more circular (Zhu et al., 2007), indirect, and ambiguous (Adair & Brett, 2005), than Western negotiation styles.

We now summarise these findings into best practice guidance for Australian managers dealing with Chinese counterparts.

Best Practices for Negotiating with Chinese Managers

Based on the findings of our study and the discussion of those findings, we present the following framework of best practices for negotiating with managers from each country (see Fig. 20.1).

The first item considered in the framework is developing '**cultural awareness**' of Chinese culture. In particular, Australian managers need to make sure that they understand the key elements of Chinese culture. This can include

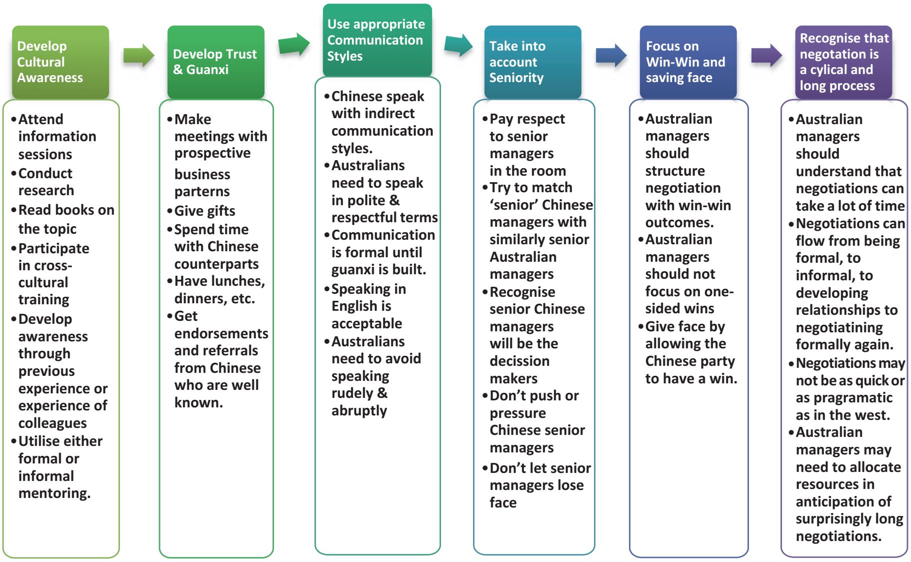

Fig. 20.1 Best practices for Australian managers negotiating with the Chinese. Authors' own creation

taking into account *guanxi*, relationships, face, seniority, different communication styles, and the different types of tactics that Chinese managers may use in their cross-cultural negotiation. Australian managers may develop this awareness before negotiations via workshops, information sessions, cross-cultural training programmes, researching Chinese culture by reading books, internet resources, and the like. Drawing on others' experience or even their own experience when negotiating with the Chinese, for example, may also be helpful. For example, Australian managers may wish to find a mentor, who has had extensive experience negotiating with the Chinese, to provide them with valuable insights. This can be through either a formal mentor/mentee programme implemented within companies or informally through contacts that people might have. Additionally, Australian managers may wish to travel to China a few days ahead of the scheduled negotiation, if time permits, to allow them to be immersed in Chinese culture to enhance their awareness of it. Any Australian manager facing upcoming negotiations with Chinese counterparts should take their time to reflect on, and develop, such cultural awareness.

The next item considered in the framework is that Australian managers need to work on developing '**trust and *guanxi***' with their prospective business partners. This would occur in what Hartel et al. (2010) refer to as the 'pre-negotiation stage.' This is important so that the right relationship and right amount of trust is developed. As the interview participants stated, this can take time. Trust and *guanxi* can be built with the Chinese through interactions, lunches, gift giving, dinners, and spending time with one another. The key is to demonstrate goodwill and get to know one another, by spending time with the Chinese counterparts in order to cultivate *guanxi* to build trust. This is supported by past research, as trust tends to be expressed by *guanxi* (Graham & Lam, 2003; Tong & Yong, 2014).

Furthermore, Australian managers can also increase or enhance their level of trust via the endorsement of influential and well-networked individuals who already have established good strong *guanxi* with the Chinese counterparts. The Chinese like to do business with people they know well, and having the endorsement and support of individuals with existing *guanxi* can enhance the level of trust of the Chinese counterparts with the Australians in negotiations.

For best practice, it is suggested that Australian managers '**use appropriate communication styles**' so that they can more effectively communicate with their Chinese. This should take into account that Chinese use an indirect communication style and Australians use a more direct approach. Adapting to the Chinese style means that Australian managers will need to be polite and respectful in communications, they will need to take into account the context of communications, and also the fact that Chinese will be more formal and strict in their communication until *guanxi* is built. Speaking in English is also accepted and speaking in Mandarin is not expected. Chinese managers would prefer that Australians speak English politely and respectfully, rather than express themselves in arrogant Mandarin. Australian managers are advised not to speak abruptly, rudely, or offensively.

Australian managers also need to take into account the Chinese cultural value associated with '**seniority**.' This requires Australian managers to pay respects to older Chinese at the negotiation table, look to matching senior Chinese managers with similarly senior Australian managers, and recognise that senior managers will be the decision-makers. It is important to not pressure or push these senior managers too much, as this might result in a loss of face and negotiation failure.

The next best practice is for Australian managers to consider focusing on '**win-win and face-saving negotiation**' tactics. To do this, Australian managers can try to structure their outcomes so that they allow both parties to win. This gives face. Focusing on a 'one side wins' outcome may result in long and drawn-out negotiations, which can have the potential of losing face. A complete loss of face may cause a Chinese counterpart to abruptly cease the negotiations, leading to a failed negotiation.

Our final best practice recommendation for Australians negotiating with the Chinese is to recognise and understand that negotiation with the Chinese is a '**cyclical process involving many different stages**.' As the Australian managers indicated, negotiations can be a time-consuming process and it is not as pragmatic or quick as what one would expect in Australia. This means that Australian managers need to take this into account in their planning and resourcing for international negotiations with the Chinese.

Final Thoughts

Overall, Australian and Chinese managers are different with regards to culture, values, and communication styles, and this can challenge negotiations between the two sides. Although this chapter provides advice from the Australian managers' experience, the learning can also be applicable to other foreign managers negotiating with the Chinese, for example, managers from other individualistic countries such as the United States, the United Kingdom, and others who may have had similar experiences with Chinese managers as the Australian managers. This chapter articulates the activities that Australian (and perhaps other foreign) managers can incorporate to increase the success and outcomes of their negotiation process with the Chinese.

The major limitation of this chapter is that it discusses only the Australian managers' viewpoints; future work would benefit from interviewing Chinese counterparts to obtain their views on these cross-cultural issues with negotiations. This might also either confirm the findings of this chapter or give new insights into how the Chinese view these negotiations.

Regarding the future, with globalisation and technology being ever-more present in our world and technology and China becoming ever more developed (Paul, 2016), it is important that established and aspiring managers have the toolkit of knowledge and capabilities to negotiate with the Chinese successfully. As our best practice framework suggests, negotiations can be improved by firstly developing cultural awareness of the culture that one is proposing to deal with. As most research on 'doing business with the Chinese' suggests (Blackman, 1997; Graham & Lam, 2003), the importance of developing relationships, *guanxi*, and trust with Chinese counterparts is key to enhance negotiation outcomes. Using culturally appropriate communication styles is also seen as important to achieving successful negotiations outcomes. In particular, using *respectful* communication styles, and not being aggressive, was found to assist negotiation. Overall, this is helpful, as it assists in 'giving face' to the Chinese. Tied into saving face, taking a 'win-win' approach to the negotiation was seen as important in preserving face and in maintaining inter-party harmony. Foreign managers are also recommended to recognise the importance of seniority in negotiations with the Chinese, and this entails making sure not to offend senior managers and to ensure that negotiations are targeted and directed towards those senior managers, as they are the ones who will make the final decision.

Overall, this chapter recommends that negotiations with the Chinese are a long and cyclical process that may involve many different stages of building relationships, trust, and then conducting negotiations, and then going through the whole process again, until negotiations are genuinely completed. We argue that negotiation with the Chinese, for Australian and other foreign managers, is indeed a challenging task but one that can be improved upon by individuals doing their homework, preparing, and learning about Chinese culture. A negotiator's cultural learning can then inform their negotiation tactics, to demonstrate respect and give face to Chinese counterparts. This then will have positive effects on negotiation outcomes.

Finally, this chapter also provides insights into Chinese embarking on negotiations with Australians or other foreign managers. Drawing from their Australian counterparts' experience, the Chinese can now gain some insight into the challenges faced by a foreign manager in negotiation with them. This is valuable, as negotiations involve both sides in reaching a mutually agreed outcome. Therefore, the Australian experience can inform the Chinese counterparts of the difficulties that the foreign manager may encounter during negotiation with them. If the Chinese desire that a win-win outcome be reached, they can take steps to reduce the complications discussed in this chapter and improve the negotiation process with their Australian managers.

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21

Negotiating with Managers from South Asia: India, Sri Lanka, and Bangladesh

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Introduction

Cross-border trading, joint ventures, strategic alliances, and partnerships have made international negotiations an everyday occurrence. In negotiations involving people from different countries, confrontation and institutional differences often arise, which might hinder the smooth conduct of business activities. Practitioners and researchers have recognized the importance of understanding cross-country discrepancies, and an entire body of literature has emerged to explore their effects (Chang, 2006; Ghauri & Usunier, 2003; Kumar & Worm, 2011). Although ideology, regulatory frameworks, and legal systems are decisive factors in international decision-making, much of the discussion in this context has focused on implications of cultural differences. This chapter focuses on South Asia, a region whose cultural values and business practices are markedly different from those of the West. For example, in South Asia, businesspeople prefer to deal with individuals they know or with whom

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they are familiar. Westerners, on the other hand, tend to view interpersonal relationships as important but not as prerequisite for beneficial business relationships. In the West, relationships often grow out of successful business deals, whereas in South Asia, business deals usually develop from already established interpersonal relationships (Hooker, 2012). To understand the South Asians' mind-set and negotiation style, one must appreciate the influential cultural roots of South Asia, as well as its historical background. This chapter commences by setting this broad regional backdrop, before examining specific characteristics of India, Bangladesh, and Sri Lanka. Although Pakistan is also a major South Asian economy, it is discussed in depth in Chap. 12 and is thus omitted here. After briefly discussing the cultural roots of each of the three aforementioned countries, we proceed with a cultural analysis grounded in Hofstede's cultural dimensions. Next, we delineate the weaknesses and strengths of the negotiation styles prevalent in each country and recommend best practices in dealing with negotiators from each country.

Cultural Roots and Negotiation

Culture is a broad concept that describes basic elements of human mentality and behavior, such as language, tradition, ideology, attitudes, and societal norms. Negotiation, in turn, is a part of human activity connected with problem-solving, which is oriented toward peaceful means of dispute resolution (Hofstede, Hofstede, & Minkov, 2010). Negotiation in this context may be regarded as a manifestation of culture because it embodies a certain code of conduct that is oriented toward civilized ways of solving disputes. Hofstede et al. (2010) further posited that culture is a powerful factor in shaping how people think, communicate, and behave. It therefore also affects how they negotiate. Kanungo (2006) highlighted that negotiation is further complicated when negotiating parties come from dissimilar cultures. For example, people from one culture may adopt a direct or straightforward form of communication, which may not suit those coming from a culture where an indirect or more nuanced style is preferred. Each culture has its own standards, and a behavior that has a certain meaning in one culture could be interpreted quite differently in another. Despite diverse opinions about the juxtaposition of negotiation and culture, most experts and scholars are of the view that, due to cultural differences, negotiations in different countries take specific forms, and these can be fundamentally different (Chang, 2006). They, therefore, put a strong emphasis on the importance of understanding culture for conducting effective negotiations. In accordance with this view, we first discuss the cultural roots of the countries explored in this chapter, before proceeding with a more detailed analysis of their respective negotiation styles.

Roots of Indian Culture

Geographically, South Asia is bounded in the north, northwest, and northeast by the Himalayas and its sub-ranges. The vast expanse of the Indian Ocean, with the Arabian Sea to its West and the Bay of Bengal to its East, separates the region from the rest of the world. South Asia is covered by the great Himalayas at its northern end, surrounded by entrenched oceans on three sides, and borders the Arabian Sea on its southwest side.

India is the largest South Asian country. Indian culture is largely shaped by its historical religious and spiritual traditions—Hinduism, which is over 5000 years old, and Buddhism, spanning over 3000 years of history—which permeate all aspects of life. Hindus believe that humans are subject to a long series of reincarnations that ultimately, through good deeds (karma), end the cycle of rebirths, culminating in spiritual salvation. In the sequence of rebirths, each lifetime is only a temporary segment in an ongoing evolutionary process. Nothing is fixed, and nothing is permanent. Traditional India maintains a "tight" culture. Norms are enforced socially and straying from these norms is discouraged. These cultural roots are associated with conceptualizations of a "collectivistic culture." Each person is understood to be a member of a greater entity, bound to others, rather than appreciated as a "self."

Roots of Bangladeshi Culture

Located on the Bay of Bengal, Bangladesh is densely populated, a riverine, and a low-lying country with 67% arable land. The country's diverse culture bears deep imprints of Islam, Hinduism, Buddhism, and Jainism. In global rankings, the Bangladeshi economy places 33rd in terms of purchasing power parity (PPP) and the country's financial sector is the second largest in the subcontinent. In 2016, Bangladesh was the second fastest growing economy, with 7.1% growth rate. Although agriculture remains the main contributor to the Bangladeshi economy, rapid industrialization is taking place in the textile and leather industries, which have begun to contribute substantially to the country's economy (Center of Policy Dialogue, 2017).

Bangladesh was ruled for many years by sultanate emperors, after which it was a colony of the British Empire for about 200 years. The country's culture is, therefore, highly diverse (Reaiche, Zubielqui, & Boyle, 2016). This cultural spectrum affects every sphere of people's lives. As a result, it is very difficult to describe this culture in a single dimension. There are multiple subcultures in Bangladesh, stemming from its multiple ethnic nationalities. In order to understand the impact of culture on Bangladeshi business negotiators, it is thus important to consider specific cultural contexts. Like many other colonized countries, Bangladesh went through centuries of struggle before finally attaining independence. Tribal and religious subcultures are still practiced in many ancient towns, and there are many archeological sites and attractions (Zhangwen & Hoque, 2017). As a result of around 200 years of British imperialism in this region, a mixture of Western and Eastern cultural and behavioral approaches still exists here and influences negotiation practices. Yet, like in India, a collectivist culture prevails in Bangladesh. The literature suggests that jointly enduring hardship throughout the process of gaining and sustaining independence reinforced the value of teamwork among people. This might be the root cause of collectivist culture in Bangladesh (Abbasi, Gul, & Senin, 2017).

Roots of Sri Lankan Culture

Located southeast of India, Sri Lanka is an island country with diverse cultures, religions, and languages. The island has experienced a continuous process of migration from India, whereby the new arrivals would attempt to assimilate among indigenous and other migrant groups that preceded them (Bandaranayake, 1987). All of the major groups in Sri Lanka belong to a similar ethnic mix, as they derive their roots from migrants from various parts of India, especially South India, as well as Southeast Asian, Arab, and European countries (Countries and Their Culture, n.d.). Despite these common roots, each ethnic group has retained a distinct identity, with strongly held myths of origin. For example, the Sinhala believe that they are Aryans from Bengal, the Tamils claim pure Dravidian origin, and the Muslims claim to have Arab ancestry. The history of ethnic conflict in Sri Lanka involves the emergence of consciousness among the largest community, the Sinhala, which defined the Sri Lankan society as Sinhala-Buddhist, thus denying its multi-ethnic character (Gamage & Wickramasinghe, 2012). The growth of this consciousness impinged on the minorities in Sri Lanka to the extent that internal problem resolution through peaceful means became impossible.

Comparing India, Sri Lanka, and Bangladesh in Terms of Hofstede's Cultural Dimensions

Geert Hofstede is a Dutch social psychologist and anthropologist who has studied interactions between cultures. One of his most notable accomplishments is the establishment of the cultural dimensions theory, which provides a systematic framework for assessing the differences between nations and cultures. The theory is rooted in the premise that cultures can be measured across six cultural dimensions. Hofstede gathered most of his data on world cultural values through surveys conducted by IBM, a US-based technology and consulting firm. He then proposed a scoring system using a scale from 1 to 120, to denote the degree to which a particular culture adhered to a particular set of values.

In this section, we compare and contrast the Hofstede cultural values for Bangladesh, Sri Lanka, and India. We discuss only five dimensions that are particularly relevant to business negotiations, namely power distance (equality vs. inequality), collectivism (vs. individualism), uncertainty avoidance (UA) (vs. uncertainty tolerance), masculinity (vs. femininity), and temporal orientation. We chose not to discuss the sixth dimension of "indulgence," as it is often interpreted as obedience, which carries similar insights as those related to power distance.

Power Distance

This dimension pertains to inequality in status, which characterizes all societies, and expresses the attitude of a particular culture toward these inequalities among people. Hofstede (2003) defines power distance as "the extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally" (p. 98).

With 77 points, India scores high on this dimension, indicating a high level of acceptance toward power and wealth inequality within society. This condition is not necessarily imposed upon the population but rather accepted by the population as a cultural norm. In this type of society, managers count on the obedience of their team members and employees. Managers' expectations are clearly conveyed to their subordinates, who accept their functions and tasks without questioning. This acceptance of hierarchy is deeply rooted in Indian culture; it is reflected in India's traditional caste system dividing the population into five groups, with each group enjoying a higher status than the one below it. Caste membership defines the power of each Indian citizen from birth, and no one can aspire to enter a more upper caste. Bangladesh also scores high (80) on this dimension, indicating that Bangladeshis tend to accept a hierarchical order just as readily as Indians do (Dutta & Islam, 2016). Hierarchy in an organization is seen as reflecting inherent inequalities, centralization is popular, subordinates expect to be told what to do, and the ideal boss is a benevolent autocrat. Compared to India and Bangladesh, Sri Lanka scores slightly lower (68) on this dimension. At the time of colonization, the country experienced a greater centralization in the organizations because most of the supervisors were British nationals (Irfan, 2016). Yet, even though managers are now Sri Lankans, this same organizational style still prevails. High wage differences also contribute to these disparities. For example, while a laborer earns about Rs.15,000 per month, an engineer can expect Rs.100,000. Although wage differentials are much more pronounced in India and Bangladesh, the government has recently taken several actions to increase the salaries in both the government and the private sector (Uddin, 2008). As a result, the power distance score is lower than its other South Asian counterparts.

Individualism

The fundamental issue addressed by this dimension is *the degree of interdependence a society maintains among its members*. In other words, it measures whether people's self-image is defined in terms of "I" or "we." In individualistic societies, people are supposed to look after themselves and their direct family only. By contrast, people in collectivistic societies strive to belong to "in-groups" whose members take care of each other in exchange for loyalty (Bremer, 2017; Hofstede, 2003).

Indian society is fairly collectivistic, scoring 48 on Hofstede's scale. This indicates that there is a high preference for belonging to a larger social framework. Individuals are expected to act in accordance with the greater good of their in-group(s), whether chosen voluntarily or imposed by the caste system. The relationship between an employer and an employee is also seen in this light and is based on expectations, whereby loyalty from the employee ensures familial protection from the employer. In the workplace, most decisions are based on relationships. Nevertheless, due to the growing influence of Western culture, modern-day India is gradually shifting from a collectivistic society toward individualism. Presently, Indian society might be classified in the interesting position of being simultaneously collectivistic and individualistic ("Country Comparison," n.d.).

Bangladesh, on the other hand, scores 20 for individualism, indicating a highly collectivistic society. This is manifested in a close, long-term commitment to one's in-groups, which typically include immediate and extended family, but can be based on other types of relationships. Loyalty in a collectivist culture is paramount, and it overrides most other societal rules and regulations. In collectivistic societies, any breach of social norms leads to shame and loss of face. In the workplace, employer-employee relationships are also perceived in moral terms (like family bonds). Thus, hiring and promotion decisions take the employee's in-group affiliation into account, and management focuses on maintaining group cohesion, rather than addressing the needs of individuals. While India is striving toward greater individualism, this is not evident in Bangladesh, suggesting that the gap in their scores will likely widen going forward (Irfan, 2016). As discussed earlier, Bangladeshis' struggle to gain independence and sustain it over time has led to a strong sense of unity that contributes to their collectivist mind-set.

Like India, Sri Lanka is also considered a society simultaneously manifesting collectivism and individualism. The Hofstede score for this dimension is 50. Comparing the three countries, Bangladesh is clearly the most collectivistic society and Sri Lanka, though somewhat collective, is the most individualistic of the three.

Masculinity

A high score (masculine) on this dimension indicates that a particular society is driven by competition, achievement, and success. In this context, success is equated with being the winner or the best in one's field—a value system that begins in school and continues throughout organizational life. In masculine cultures, which are often associated with assertive and competitive individual behaviors, children learn to compete from a very young age. Later in life, as they enter the corporate world, most individuals remain competitive, and are motivated most when they are on a winning team, fighting against their competitors. Masculinity in a society promotes excellence and perfection in every aspect of one's life. In other words, in masculine countries, people "live in order to work" and ambition is highly valued. In the workplace, the emphasis is on equity, competition, and performance, and conflicts are resolved by both parties being decisive and assertive (Dissanayake et al., 2015).

A low score (feminine) on this dimension indicates that caring for others and quality of life are the dominant societal values. In a highly feminine society, quality of life is a sign of success, and standing out from the crowd is not admirable. The fundamental issue here is *what motivates people, wanting to be the best (masculine) or liking what you do (feminine)?* ("Country Comparison," n.d.).

India, with a score of 56 in this dimension, is considered a masculine country. While it scores barely above the midrange on this dimension, masculine displays are very visible in India, where signs of success and power are often displayed overtly. In masculine countries like India, the focus is on success and achievements, which are measured through material gains. Work is central to one's life and visible signs of success in the workplace are very important. Indian culture values assertiveness, competitiveness, and ambition. Similarly, Bangladesh scores 55 on this dimension and is thus considered a moderately masculine society. Consequently, Bangladeshi managers are moderately decisive and assertive but do place emphasis on competition and performance (Abdullah, 2017).

Sri Lanka, probably owing to the strong influence of Buddhism, is a feminine society, scoring only 40 on the masculinity scale. In Sri Lanka, a greater value is placed on personal well-being, so the focus is on "working in order to live" and achieving a good balance and overall life quality. In line with this view, managers strive for consensus, and people value equality and solidarity in the workplace. Conflicts are resolved by compromise and negotiation. Incentives such as free time and flexibility are preferred to financial rewards, as status is neither shown nor emphasized.

Uncertainty Avoidance

The UA dimension pertains to the level of risk one is willing to accept. Given the inherent uncertainty of future events, ambiguity is inevitable and can induce anxiety, which is managed differently in different cultures. *The extent to which the members of a culture feel threatened by ambiguous or unknown situations and have created beliefs and institutions that try to avoid these* is reflected in the UA score (Hofstede, 2003). In cultures scoring high on UA, people are uncomfortable with uncertainty, which they attempt to reduce or manage through rules, regulations, laws, controls, and behavioral norms. It is worth noting that, in cultures scoring high on the UA scale, informal, implicit rules are also often employed in order to avoid or lessen ambiguity (Hofstede et al., 2010).

India scores 40 on this dimension, indicating that Indian people have medium-to-low risk aversion. In this country, imperfection is embraced, as it is implicitly accepted that nothing is perfect. Consequently, nothing has to go exactly as planned. Traditionally, Indians have always been patient and their tolerance for the unexpected is high. People in India generally do not feel compelled to take action initiatives and feel comfortable when settling into established roles and routines without questioning whether things could be done more efficiently or in a more effective way. Bangladesh, on the other hand, scores 60, suggesting that the society as a whole favors UA (Hofstede, 2003). Bangladeshis maintain rigid codes of conduct and are not particularly tolerant toward non-conventional behaviors and ideas. In Bangladesh, there is an emotional need for rules, even if the rules that are in place do not seem to work. Similarly, people have an inner urge to be busy and work hard, regardless of the results this yields. Precision and punctuality are the norms, and innovation is not embraced, as security and certainty are crucial elements of individual motivation (Nurunnabi, 2016).

Compared to Bangladesh, Sri Lanka has less UA, scoring 45 on this dimension. Most Sri Lankans are willing to take risks, especially if they believe that the rewards would be substantial.

Long-Term Orientation

This dimension describes *how every society has to maintain some links with its own past while dealing with the challenges of the present and future* ("Country Comparison," n.d.), and societies prioritize these two existential goals differently. Members of a society that scores low on this dimension are satisfied with time-honored traditions, whereas those in societies scoring high on this dimension tend to prefer more pragmatic approaches. Normative societies, where traditions and customs are highly valued, score low on this dimension, while viewing societal change with suspicion. Members of cultures that score high, on the other hand, encourage moving on with times and planning for the future, which includes saving and investment in modern education as a way of increasing likelihood of success (White, 2015).

India scores 61 on this dimension, making it a moderately long-term-oriented country. In India, the concept of karma dominates all religious and philosophical thought. Time is a polychronic concept in India. In polychronic cultures, approach to time is fluid, whereby one is allowed to focus on and partake in several activities at once (Rößiger, 2008). Consequently, punctuality and meeting targets is not as important as it is in Western societies, which are monochronic. In monochronic cultures, planning is important, and one's time is scheduled, arranged, and managed with the aim of increasing efficiency. Indians, on the other hand, are willing to accommodate changes in plans if circumstances require it and are generally comfortable with discovering the path as one goes along rather than setting and following an exact plan.

Bangladesh, at 47, has an intermediate score on this dimension, which does not indicate a strong preference in either direction (Nurunnabi, 2016).

By contrast, Sri Lanka, with a score of 62, is considered a fairly long-term-oriented society The Sri Lankan government has started to explore for crude oil and has invested in infrastructure development, including flyovers, highways, new ports, and airports. According to Dissanayake et al. (2015), the long-term orientation of Sri Lankan entrepreneurs is reflected in their investment in projects with longer payback periods and high economies of scale.

Qualities, Strengths, and Weaknesses of Negotiators from Each Country

Indian Negotiators

Owing to its large size in terms of both population and area, India is among the world's largest markets and is thus attractive to large investors around the globe. India is a mosaic of ethnic groups and languages. The country has 22 official languages and 1576 dialects, all of which are classified as "mother tongues." The Indian negotiation style is influenced by diverse factors, including Hinduism, Islamism, British colonialism, and so on (India, 2018). The extent of these influences varies from one region to another, depending on the level of contact, durability, and historical timing. Despite this diversity, Indians share many common traits, which are reflected in their business dealings and negotiations, as discussed below.

Strengths

Hybrid mind-set: A distinct facet of Indian negotiators is the simultaneous presence of their individualistic and collectivistic tendencies. Most Indians are highly focused, objective oriented, and aggressive. Yet, they are also group and family oriented and extend their loyalties to those close to them. This duality grants Indian negotiators a competitive edge over their highly collectivist East Asian counterparts, as well as the capacity to successfully navigate their way in negotiations with counterparts from both collectivistic and individualistic cultures (Beverlee, 2012).

Emerging negotiation styles: This hybrid mind-set has prompted scholars to examine whether Indians follow an Eastern or Western negotiation style. Kumar (2005) posited that Indians are more Western oriented in their thinking patterns, as the pronounced context sensitivity of Indian managers may make it difficult for negotiating counterparts to fully understand their intent.

As a Western manager put it, "I feel that the most difficult thing is that the Indians will tell you one thing, think another, and do a third thing, which is not what a Dane would do" (Hughes, 2002; Kumar & Sethi, 2016, p. 66). The combination of individualistic and collectivistic traits, as well as of Western and Eastern mind-sets, gives Indians a unique negotiation style.

High aspirations: Indian managers are high achievers and take a positive, optimistic approach to any task. In the same vein, they set high expectations for negotiations (Saee, 2008). However, positive attitude and problem-solving aptitude do not always result in a solution acceptable to all parties involved. This focus on goal attainment may make Indian negotiators inflexible, but can also be beneficial, as it helps them reframe a problem in a way that can be mutually beneficial. This allows them to attain the best solution in the given circumstances (Kumar, 2005; Saee, 2008).

Strong analytical mind-set: India is a country with well-developed spiritual culture (Sharpley & Sundaram, 2005). Philosophical reflection of such spirituality has granted Indians an exceptional ability to analyze. In a business-related context, analytical expertise is highly important, as obstacles and problems inevitably emerge and must be addressed effectively and efficiently. These traits—which explain a significant number of Indians in Silicon Valley and the rise of the Indian software industry—are highly beneficial in negotiations. Indian negotiators can easily grasp the mind-set of their counterparts, allowing them to adapt their style of negotiation and increase the likelihood of a mutually beneficial outcome (Galluccio, 2015).

Nationalism: A *Business Insiders* survey (2016) listed India as one of the most nationalistic nations of the world, reporting that 36% of the Indians surveyed believe that their country is the best in the world. This strong sense of patriotism is evident in all aspects of life, and business is no exception. People are sensitive about how their country is portrayed, especially when speaking with foreigners. Many international business negotiations have failed because an Indian negotiator took offense at something that the foreign counterpart said about India. While having such reactions might be normal in any part of the world, Indians are more easily aroused than people of other nationalities (Katz, 2006). In this vein, Ambassador Chutintorn Sam Gingdakdi opined in an interview with *The Hindu* ahead of the Indian-ASEAN (Association of Southeast Asian Nations) summit meeting that "Connectivity is important, but we are also at a point across the region when nationalism and populism are on the rise. To have connectivity work to its full potential, it is necessary to dial down the nationalistic rhetoric" (Haidar, 2018).

Moderately relationship oriented: As noted above, Indians are increasingly becoming more Western oriented, reflected in growing individualism, which in some ways outstrips that commonly encountered in the West. As a result, Indians do not emphasize relationship development at the start of negotiations (Gray, 2012). This grates on the sensitivities of their counterparts from collectivistic countries, like China and Japan, but is favored by their counterparts from North America. Being less focused on relationships allows Indians to pursue their desired outcome, which they keep in mind at all points in the negotiation. This focus on the outcome, coupled with their ability to analyze and problem-solve, makes them very tough negotiators and effective bargainers (Katz, 2006).

Weaknesses

This section details some areas of weaknesses typical to Indian negotiators.

Inefficient team players: Indian negotiators, according to Katz (2006), are weak team players, as their preference for time fluidity makes it difficult to plan and coordinate tasks. In addition, as all team members tend to think that they are right, reaching a consensus can be a challenge. Some authors have dubbed this “anarchistic individualism” (Armand, 1956), warning that such an attitude can be extremely detrimental in team-based negotiations.

Polychronic culture: Indians hold a subjective view of time. Jeswald Salacuse (2004) has found that Indians lack punctuality and sensitivity for someone’s schedule. This fluidity in their approach to time originates from South Asian thinking, where being passive is preferred to being active. In fact, someone strictly adhering to a timetable might be considered foolish in India.

Hierarchical culture: Most business organizations in India follow a hierarchical management style. Power cascades from the top to the levels below and all vital decisions are taken by the top management. Subordinates will rarely, if ever, challenge decisions of their superiors, even though they may disagree with the decision or with the manner of its implementation. This hierarchical character is supported by subordinates’ expectation to be nurtured by their superiors. In the same vein, as employees at lower levels of the hierarchy do not participate in decision-making, they expect their superiors to be benevolent toward them. The weak aspect of this hierarchical culture is the disempowerment of mid-level managers and the concentration of power at the top. This may hinder negotiation processes, as it often delays or prolongs execution of negotiated outcomes.

Prolonged negotiation process: Negotiations with Indian counterparts often take much longer than with people from other countries. The main reason for this protracted process is that Indians request or require a great deal of information and take the time to conduct extensive analyses of the obtained data. Their strong analytical ability, high aspirations, and their inability to be good team players make them slow negotiators. Even the simplest of negotiations can last weeks and even months. This issue is further exacerbated by Indian negotiators' tendency to reject the other party's attempts to seal a deal quickly by making an offer. Any offer will be scrutinized with the goal of improving the benefits for the Indian negotiators. Those who value time and efficiency will find this situation intolerable, as neither of the available alternatives—quitting the negotiation or accepting the Indian's offer—will be satisfactory to them. This is best exemplified by the case of independent power producers (IPPs) of 1990s. As a part of the Greenfield Independent Power Projects, the Indian government contracted with foreign companies to provide energy. Contracts were written and signed by the host (Indian government) and IPP provider companies. However, due to political pressures and violations of the basic contract terms, the execution was delayed, forcing many firms to abandon the projects (Lamb, 2006).

Less relationship oriented in the initial phase: India is usually described as a relationship-focused culture. People from such cultures place an emphasis on establishing relationships between the negotiating sides (Gesteland & Gesteland, 2010). However, Indian negotiators do not adopt the relationship-oriented approach from the outset of negotiation.

It is worth noting that Indians are family oriented and reserve their loyalties and affections for close relations. This strong family bonding is most evident while interacting with out-group members. This attitude precludes the necessity to develop relationships at the beginning of negotiations (Kumar, 2005), which is a particular trait of collectivistic societies. However, in further stages of negotiations, the importance of relationships is likely to dominate the process. Establishing a strong relationship later on in the venture is imperative because it may help align the expectations of both parties. It will also signal to the Indians that the opposite party is sincere and trustworthy (Stambolska, 2012).

Contractual obligations do not have sanctity: Deals are closed by signing contracts. However, the view of contracts differs so radically from culture to culture (Benoliel & Kaur, 2015). For Western negotiators, contracts document the rights and responsibilities, as well as stipulate penalty clauses in case of violations. Once the contract is signed by both parties, it takes on a sacred quality. Contrarily, in South Asia in general and India in particular, contractual obligations may not be considered as sacred and immutable as in Western countries. Due to political and economic instability in India, business environment evolves as time goes on. Therefore, Indian negotiators expect to change the contractual terms and renegotiate them in light of new circumstances. However, such an open-ended flexible contract does not seem popular in the West and portrays Indian negotiators as less trustworthy (Benoliel & Kaur, 2015).

The degree of transparency and fairness: One of the pivotal elements in any negotiation is the degree of transparency and fairness, which is usually considered with respect to both the process and the outcome. Indian negotiators prioritize fairness of outcome, which can lead to questionable practices, as process fairness is not always ensured (Australia Trade Commission, 2013).

Bangladeshi Negotiators

The major strengths of Bangladeshi business negotiators are discussed below.

Strengths

Dual negotiation purpose: Negotiation processes are highly dependent on participating parties' attitudes toward negotiation, which are usually classified as integration and bargaining (Zhangwen & Hoque, 2017). Depending on the adopted attitude, the negotiation would be perceived as either collaboration or competition. If the integration attitude is adopted, the goal is finding a joint resolution to the problem to finalize the deal. Conversely, approaching the negotiations with the bargaining mind-set will inevitably result in trading off concessions between the parties. Bangladeshi managers try to blend both concepts to derive the benefits of each. However, the collaborative strategy still underpins their negotiation style. Zhangwen and Hoque (2017) showed that about 53% of Bangladeshi negotiators believe in a collaborative process in which both parties are willing to accept a trade-off to gain something, while the remaining 47% prefer a competitive process in which both parties struggle to win in business dealings. As Bangladeshi managers prefer avoiding confrontation, even in a hostile situation, they are more likely to act defensively rather than aggressively.

Planned negotiation strategy: Bangladeshi managers approach negotiation after thorough preparation and with clear goals. Even when they seem to be improvising or acting spontaneously, this is likely merely a part of their preplanned strategy (Barreto, Segura, & Woods, 2004). In fact, Bangladeshi managers' strength does not lie in improvisation and creativity but rather in rigorous planning (da Carvalhal & Pereira, 2005).

Team oriented: Bangladeshi society is highly collectivistic and group oriented, and this is reflected in their business practices. Reaching group consensus and seeking collective opinion is preferred to other decision-making approaches. Moreover, any divergence from group opinion is considered wrong. As a result, in team negotiations, Bangladeshi teams always appear to be operating with fully agreed-upon unanimity of opinion, which can give them an advantage if their counterparts do not present such a united front. To seal the deal, it is vital to convince the senior team member, as all final decisions rest with the highest-ranking executives. Maintaining strong relationships with senior figures in the Bangladeshi business sector can be instrumental at this stage (Curtin & Gaither, 2007).

Weaknesses

Highly risk averse: The main drawback of Bangladeshi negotiators is their high level of risk aversion (Hendon, Hendon, & Herbig, 1996; Zhangwen & Hoque, 2017). Bangladeshis' cross-cultural proficiency and willingness to take risks is lower compared to other South Asian countries (Silkenat, Aresty, Klosek, & Law, 2009). Likewise, Bangladeshis are less tolerant to change. These elements manifest in their business negotiations and often become impediments to successful negotiations. Sometimes, Bangladeshi managers perceive a risk that might be considered normal by other negotiating parties to be exceedingly high and will try to change the terms in order to avoid it. This gap between actual and perceived risk needs to be minimized by clearly communicating and documenting every step of the negotiation process.

Less-focused negotiation: Bangladeshi negotiators tend to hold prolonged discussions and often fail to focus on the key issue. Most of the time, this is used as a negotiation tactic, aiming to build relationships with their counterpart in order to get a better deal from them. Meetings in Bangladesh are not very structured and moving back and forth between agenda items is very common (Gesteland, 2005).

Polychronic attitude: Owing to their polychronic attitude, business negotiations with Bangladeshi managers are often prolonged and unfocused, as parties find themselves addressing multiple tasks simultaneously. Meetings might start on time, but they rarely have a predetermined ending time. Consequently, negotiations often take a long time due to the lengthy process of building trust and developing personal relationships. Yet, despite this apparent lack of structure, meetings are conducted formally and Bangladeshi managers rarely smile. This should not be seen as a sign of unfriendliness, as it merely stems from the belief that a serious countenance demonstrates maturity (Khan, Zubayer, Sadrulhuda, & Khan, 2005).

Indirect communication: Despite their strong active listening skills, Bangladeshi negotiators lack empathy and would aim for superior results for themselves without considering their counterpart's situation. Bangladeshi managers adopt indirect and implicit communication in negotiations. To understand their intent, one has to read between the lines. This usually prolongs the negotiation process (Zhangwen & Hoque, 2017).

Judgmental: Another weakness of Bangladeshi negotiators is their tendency to be overly judgmental. Bangladeshi business negotiators are also prone to stereotyping. They tend to form their expectations about people, objects, and events based on prior knowledge and experience and use this biased view to interpret new information or a situation. Similarly, they also use available knowledge structures, such as personal characteristics, norms, and habits to contextualize negotiations, and this context influences their subsequent decision-making (Akbar, 2016). These individual interpretations of the situation provide Bangladeshi negotiators with a reference point to understand what is going on in the negotiation and to formulate a solution to the problem at hand. A reference point may be positive or negative and often leads to bias and incorrect information processing. These biases may pertain to the source of the dispute, the legitimacy of the negotiator's own bargaining position, the behavior and bargaining position of the other side, or the likely outcomes of the negotiation. Owing to these biases, conflicts are common and require patience to address (Jane, 2000).

Sri Lankan Negotiators

Strengths

Highly relationship oriented: Sri Lankan negotiators are highly relationship oriented. From their perspective, building relationships is more important than getting the deal done. Therefore, they always welcome, and respond positively to, candid and relationship-oriented discussion. As Sri Lankan society is collectivistic, relationships are paramount and loyalty is highly valued. Consequently, breaching relationship norms is seen as a disloyal and morally wrong act (Fernando & Jackson, 2015).

Win-win attitude: A negotiation is either a collaborative process in which both parties can gain (win-win) or a struggle, in which one side wins and the other loses (win-lose). Win-win negotiators see deal-making as a collaborative problem-solving process, whereas those that favor the win-lose approach see the process as confrontational (Salacuse, 1998). Sri Lankan negotiators are geared toward win-win solutions. By building relationships with their counterparts, they seek to engage in a collaborative negotiation. Nonetheless, the negotiation process remains objective oriented. While negotiating with expatriate customers, the collaborative attitude of Sri Lankan managers, combined with their respect for relationships, provides them a competitive advantage.

Formal negotiation style: Sri Lankan managers adopt a very formal negotiation style, which is highly objective driven. The main benefit of this approach is their commitment to achieving their goals.

Integrative negotiator: Most Sri Lankan managers are integrative negotiators. They show concern for others even as they remain persistent and determined toward achieving a deal. They view bargaining as merely a process toward mutually agreed solutions, rather than focusing on discounts or making concessions. Sri Lankan negotiators are, by nature, active listeners. In the process of negotiation, they listen carefully and ask many questions. Some people mistake this for a lack of understanding; in fact, this is their way of learning as much as they can about the situation in order to maximize the interaction. When asked about these listening and questioning traits, Sri Lankan managers often explain that they aim to understand every facet of the agenda clearly and explicitly, as this allows them to comprehend their counterparts' intentions completely. This is, in their view, a key to achieving their goals (for an in-depth discussion of this, see Höglund and Svensson (2011)).

Team-oriented negotiation: In negotiations, Sri Lankans strictly follow team norms and try to be effective team players. When working as a team, they will refrain from expressing their emotions and personal preferences. However, they might collectively exhibit emotions of disagreement or approval, as this is a sign of team unity. Sri Lankan negotiators act as good team players. All team members will devote time and effort to listen to each other and reach in-group consensus and will demonstrate caring behavior toward their team fellows. Being a good team player is not only effective but also instrumental for conflict resolution (Chandrakumara & Budhwar, 2005). This team orientation is beneficial to individuals, but also to the entire team, as it minimizes the potential for conflicts.

Punctuality: Although Sri Lankans are not particularly punctual, the business community is progressing toward greater time and schedule awareness ("Punctuality and indiscipline," 2017). When Sri Lankans wish to demonstrate commitment, or that they are taking a task seriously, they will show up on time. Sri Lankan negotiators are more organized and punctual than other South Asian representatives. In fact, many Sri Lankan negotiators will arrive at meetings early in order to have time for reviewing key points.

Weaknesses

Prolonged negotiation process: Owing to the high power distance culture and hierarchal society, negotiating with Sri Lankan managers requires a lot of time. Sri Lankan managers need to confirm with their top management before finalizing any deal. Any attempt to expedite the process can be counterproductive, as this is just the way their organizations are structured (Hoole, 2009). As members of a highly feminine society, Sri Lankan managers would always strive to reach consensus without conflict. If even one of their team members voices internal dissent, the whole team will privately try to persuade him or her to shift position. This not only puts them in awkward situations vis-à-vis their counterparts but also prolongs the negotiation process. More generally, it is perceived among Sri Lankans that long negotiations are required in order to reach a win-win situation. This perception often prolongs negotiations unnecessarily. Finally, as Sri Lankans are usually oriented toward building and maintaining long-term relationships, they seek to extend the interaction with their counterparts in order to get to know them better.

Highly centralized decision-making: Experts argue that centralized decision-making is the major weakness of Sri Lankan managers (Hendon et al., 1996). In practice, after undergoing substantial and protracted negotiation processes, Sri Lankan managers will still need any tentative agreement to be approved by those at the top of the hierarchy. This lack of autonomy irritates their foreign counterparts, especially if the top management—who were not involved in the negotiation process—partially or fully rejects the negotiated terms and conditions. To avoid this adverse outcome, foreign negotiators are advised to verify their Sri Lankan counterparts' negotiating authority.

Indirect communication: One of the major weaknesses of Sri Lankan negotiators is their penchant for indirect and implicit communication, which can often be confusing. Owing to the strong emphasis on the respect for others, Sri Lankans will never refuse any proposition, as this is seen an indication that the relationship will terminate ("Cultural Atlas," n.d.). Foreign negotiators should thus be mindful to explain their intent. Sri Lankan negotiators will, rather than saying "No," reply with "It's still in the process," or "I am trying," even if there is a high probability of refusal.

Less time sensitive: While, as noted above, Sri Lankans might sometimes use punctuality and timelines to indicate seriousness and commitment, Westerners will still find the Sri Lankan attitude toward time overly relaxed and fluid. Their polychronic approach to time often clashes with the punctuality and orderliness of their Western counterparts, to whom time is money and sealing the deal is the pivotal objective (Hendon et al., 1996).

Low risk-taking: Sri Lankan society is highly risk averse and this characteristic is particularly apparent in their business dealings ("Young CEO Takes Job," 2014). Even very profitable ventures, projects with short life cycles in particular, can be set aside owing to risk aversion. While the current educational system does not properly prepare aspiring entrepreneurs to start a business, the Sri Lankan economy is strengthening. For the first time in history, Sri Lankans are experiencing freedom to invest and start a business. Moreover, the cost of starting a business has never been so low, prompting more individuals to pursue their goals ("Young CEO Takes Job," 2014). Having said that, business negotiators require more time and effort to encourage Sri Lankans and assure them that it is possible to attain a *win-win* outcome.

Best Practices for Negotiating with Managers from Each Country

Best Practices for Negotiating with Indian Managers

As discussed earlier in this chapter, Indian negotiations can be complex, as Indian managers strive toward ambitious goals. As individualists, they may act very aggressively, but being members of a highly collectivistic culture, they may be hesitant to express their feelings (Gesteland & Gesteland, 2010). Therefore, the following points should be borne in mind while negotiating with Indian managers.

First, time flexibility is essential and any plans should allow for schedule extensions. There is a possibility that Indian counterparts may arrive later than agreed, and the meeting might last longer than anticipated. Your Indian counterparts may not follow the structured, sequential, process of an agenda-oriented meeting and your main objectives for the meeting might be set aside or be missed. To deal with this high level of uncertainty, you must clarify your objectives and have a well-structured negotiating plan in place. Be mindful of the undertones of each message, owing to the implicit style of communication. This demands sufficient understanding of the communication styles of Indians, as well as having a proper communication strategy. Keep your goals in mind, and if the conversation strays too far away from them, be firm in refocusing it on the topic. While negotiating with Indians, one should bear in mind that creative and argumentative negotiators with high aspirations can create unintended problems. Do not lose your patience if the process is sluggish or if you are faced with a seemingly endless amount of questions. Losing your patience in such cases can lead to aggression and anxiety, increasing your counterpart's stress and hampering the negotiation. Aggressiveness should be avoided at all costs, as it can backfire, but assertiveness regarding a specific procedural or substantive point is encouraged and will serve you well (Gesteland & Gesteland, 2010). Indians tend to begin negotiations with idealized outcomes they aim to achieve, which may be neither suitable nor practical. Rather than rejecting such thinking outright, it is better to channel it toward workable solutions or revise their proposals in such a way that would provide mutually acceptable benefits to both parties. Even though this can be difficult and time-consuming, it might be the only way to ensure your counterpart's trust.

Bear in mind that Indians sometimes use sharp techniques to improve their outcome. These techniques can include pretending to be uninterested, sending deceptive nonverbal messages, quoting higher prices, making unrealistic demands, and so on. Among the tactics that Indians often use, sharing information at the outset of the negotiation process is particularly common, as this promotes trust and motivates their counterparts to reciprocate. However, you must be cautious, as they will usually only divulge just enough to get you to open up much further. Outright refusal is considered rude in Indian culture, so you must find another way to disagree or reject a proposal. Document any agreements reached in the form of a contract immediately after the meeting yet be prepared for flexibility in executing the terms of this contract.

India's political instability and economic evolution sometimes require both parties to alter contractual terms. While this is not in the remit of your counterparts' responsibility, they too can introduce uncertainty by not executing the signed contract according to the defined timelines. Although Indians value contractual obligations, they do not carry the same weight as they do in Western countries. Secondly, being a developing country, India has infrastructural issues that may be beyond the control of any business. India's overstressed power grid is one of the most obvious examples of lagging infrastructural development. Power outages can be expected daily, even in the most developed areas of Delhi, Mumbai, and Bangalore. To compensate for these issues, any respectable business or factory in India maintains a diesel generator, and the shopping malls and call centers are built atop huge storage tanks of fuel. These outages can last for hours, requiring you to have a sound contingency plan. Beyond keeping industrial machines and computers running, air conditioning is essential in this unmercifully hot country, and even service providers must bear the burden of backup power. Likewise, India's ports face the dual challenge of lack of infrastructure and a crippling bureaucracy. The extent of these issues differs greatly from port to port, and the necessary upgrades are being made, albeit very slowly. Prior to the recent development initiatives, India's roads used to be narrow and rundown. Old roads, when having more than one lane, tend to lack physical lane dividers, and Indians treat painted dividers as guidelines rather than hard-and-fast rules, so traffic jams develop very quickly, as drivers slip into the opposing traffic lane and things grind to a halt. These factors are important to consider as they may cause delays in execution of contractual obligations if goods need to be frequently transported. "Years and years of underinvestment have left our country with a bad need for infrastructure across various fields like roads, railways, ports, airports, telecommunications and electricity," says Pradeep Gupta, the Executive Director of Jagson International in New Delhi.[1] Unless India invests in modernizing its infrastructure, investment flows into the country will eventually decline.

It is also worth noting that people with a higher degree of emotional intelligence make better negotiators. This extends to knowing cultural values of your counterparts. This is an important aspect of successful negotiations in any country, and India is no exception. Since India is one of the spiritual hot spots of the world, having a spiritual practice that you can invite into your negotiations opens the space for creating more productive interactions and thus more successful outcomes. Showing some knowledge and interest in you counterparts' values improves the communication, as it demonstrates your sincerity and willingness to get to know them better. In the words of Silvio Napoli, "To succeed in India, you have to be a one-half monk and one-half warrior. So far, I've learnt to develop my monk part" (Kumar & Sethi, 2016, p. 94).

Best Practices for Negotiating with Sri Lankan Managers

Owing to the highly centralized decision-making style of Sri Lankan negotiators, it is important to know who, among your counterparts, holds the power to make the final decision. Knowing this not only allows you to target the right person but also reduces the time involved in negotiations. While negotiating with members of public organizations, be prepared for facing a sequence of various bureaucratic hurdles, prolonged documentation processes, and protracted negotiations. Having third parties available to facilitate

[1] https://www.thenational.ae/business/india-s-infrastructure-is-off-the-rails-1.158214

these processes can simplify and ease these lengthy tasks. While preparing for negotiations, bear in mind that the process could be much longer than you anticipate. Expect extensive discussions and many questions. While Sri Lankans are not very punctual themselves, they do expect their counterparts to be on time, as this is viewed as a sign of seriousness and commitment. Negotiating with Sri Lankan managers requires lot of time and patience, as they tend to prolong the negotiation process. You can keep this in check by adhering to a formal style of negotiation, rather than being overly loose and familiar. Sri Lankans actually tend to prefer such formality, so this will be appreciated rather than being seen as an imposition.

Formality can help keep communication on track and will ensure progress toward objectives.

Sri Lankans are generally risk averse, which can pose challenges when negotiating projects with a high degree of risk. Building strong relationships and trust, and coming prepared with a detailed plan for risk mitigation, may help to surmount this challenge.

It is also essential to highlight shared benefits in your offers, as Sri Lankans are predisposed toward collaboration. Remember, they are relationship oriented, so expect to be asked in the early phases of meetings about your family, health, and other private matters. Answer these questions engagingly, and reciprocate in the same vein, as your counterparts will appreciate your interest. Never rush through this process and start with the formal agenda too early. The main goal of these initial phases of negotiation is to establish as close and as frank a relationship as possible. Investing some time in this now will save you time later on, when real and potentially contentious issues are discussed.

Sri Lankans welcome humor and consider it a sign of closeness. However, choose your jokes appropriately and show respect to older negotiators, who should always be the ones to initiate such level of closeness. Shaking hands or greeting by joining both hands saying “Ayubowan” (“have a long life”) is common. However, men do not usually shake hands with women.

During negotiations with Sri Lankans, presenting your objectives in a very clear way can help keep the process simple and short. On the other hand, pay close attention to the subtext of their responses, as relying on the “obvious” interpretation will lead to confusion. Sri Lankan managers are indirect communicators, so their responses are rarely straightforward. For the same reason, they will not give you a straight “No,” as they try to avoid confrontation. If you are unfamiliar with such tactics, seek out local allies who can introduce you to the right counterpart, help you develop connections, and interpret implicit meaning for you.

Best Practices for Negotiating with Bangladeshi Managers

In negotiations with Bangladeshis, a strong and positive first impression is essential, as it will set the tone for the entire negotiation process. Since Bangladeshis are highly judgmental and form opinions very quickly based on prior knowledge and experience, it is essential to engage in the first interaction. Imparting a relationship-oriented, candid, and competent impression can be extremely useful for subsequent interactions. Doing so requires a thorough knowledge of the counterparts' requirements and decision-making process. You should also find out who on their side is responsible for the final decision and should attempt to learn about their religious orientation, interests, and aspirations. Preparing for the negotiation process along those lines can not only expedite the process but also tip the outcome in your favor.

Generally, Bangladeshis are immensely polite in their conduct toward others and demonstrate high levels of courtesy while dealing with foreigners. Reciprocate, throughout the process, by being mindful of your counterpart's sensitivities. Bangladeshis take personal, individual criticism very seriously. If there is someone with seniority in the room (either in age or in role), allow this individual to lead the discussion, as any attempt to interrupt him or her while talking can be taken as a sign of disrespect. You do not need to give in to them, of course; you can respectfully reframe or decline their proposition and make counteroffers. The same tact and diplomacy will serve you well with other Bangladeshi negotiators as well. Remember their tendency toward indirect communication; diplomatic assertiveness will get you further than bluntness and aggression. As you listen to their responses, try to elucidate the subtext of their messages. As another aspect of indirectness, Bangladeshis will speak in paragraphs rather than sentences in order to communicate even a very short message, especially if its content is unfavorable to their counterpart. While such conversations can be protracted, stay focused and try to discern the message essence. Don't expect decisions to be made on the spot, as those that attend the meetings rarely have the decision-making power. This is also a good reason to establish good relationships with senior managers if given an opportunity.

Final Thoughts

Bounded by the Himalayas and its sub-ranges from the north, northwest, and the northeast, South Asia is a culturally rich part of the world and home to some of the world's oldest civilizations. Although eight countries—Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka—are located in this region, the economic and social relations among South Asian states are mainly shaped by India, Pakistan, Bangladesh, and to some extent Sri Lanka. Therefore, owing to their economic potential and contribution to the world's GDP, these four countries were included in our analysis of South Asian negotiation patterns. Since a detailed discussion on the Pakistani culture, business, and negotiation styles was presented in Chap. 12, this chapter focused on the cultural roots, negotiation styles, and strategies employed in India, Bangladesh, and Sri Lanka.

This chapter started with a brief history and a description of the cultural roots of each country. Culture is an integral part of conflict resolution. The way in which each party in a dispute thinks, behaves, and reacts in the negotiation can be attributed to the culture from which the party originates. Among all of the challenges inherent in international negotiations, the influence of culture on negotiation styles remains the toughest to overcome. To assist with this, each of the three countries was examined in relation to Hofstede's cultural dimensions and the findings were compared and contrasted, identifying benefits and drawbacks of each culture. In the next section, we examined the particular style of negotiation prevalent in each country. Qualities, strengths, and weaknesses of negotiators from each country were explored in detail. Despite the many differences noted, four important similarities emerged: group decision-making and the preference for consensus, the value ascribed to relationship development, a polychronic approach to time, and indirect communication style.

In light of these findings, best practices for negotiating with managers from each country were presented and some specific recommendations for negotiating with business people from this region were made. In sum, when interacting with people from South Asia, we recommend that you invest time in developing relationships, read between the lines to get the essence of indirect messages, show respect for the local culture (which probably predates your own by centuries) and customs, and above all, be tolerant and patient. These strategies should lead you to negotiation success.

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Part V

Negotiation Across Cultures: Future Directions

22

Wind of Change: The Future of Cross-Cultural Negotiation

Noam Ebner

Introduction

In the study and practice of international business, change is a constant. Discoveries are made in different places, markets open up, resources are uncovered, and innovation flourishes. Businesses can thrive, or perish, based on their ability to foresee and/or adapt to change. Over the past couple of decades, the study of change has become a curricular topic in business studies, with many leading business schools offer courses, graduate certificates, and full graduate degree programs in managing change. Moreover, over the past few years, organizational change has become a popular topic for PhD and EdD programs both inside and outside of traditional business and management educational frameworks. There is a broad literature on change management addressing both coping with change and proactively initiating change. Initiating change processes is part of a manager's role, and guiding a company through change is a process leaning on leadership skills (see, e.g., Hayes, 2018; Paton & McCalman, 2008).

Negotiation is often mentioned in this literature and in these studies, as a tool that managers employ for leading change. However, the connection between negotiation and change is much more direct. Negotiation itself can

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be described as a change process. Two parties meet, seeking to plan a new future through an agreement. Essentially, they are exploring whether it is feasible for them to jointly create change. Interestingly, this perspective is not commonly encountered in the negotiation literature. This literature often discusses how to change *minds*, seeing negotiation as a *persuasive* endeavor, but doesn't apply an overall lens of viewing negotiation as *joint change planning*.

This is not the negotiation field's only omission with regard to change. This chapter raises the suggestion that negotiators are changing and that negotiation itself might be changing.

The current state of negotiation research and practice, however, continues to build upon previous experiments and models without questioning their current validity and applicability. In fact, reviewing the literature of the past 50 years gives one the sense that change is not a factor; people negotiate today, for the most part, as they did several decades or even thousands of years ago. Looking ahead, should we anticipate that negotiation interactions would be any different from those we have described over the past few decades, up to, and including, this book?

In a previous article, I have suggested that not only is the occurrence of such change likely, but it is likely to speed up and become more evident (Ebner, 2017a). In this chapter, I provide support for the notion of change and its acceleration—and explain why this will be particularly acute in cross-cultural negotiation interactions.

One powerful force of change that has affected our world powerfully, if perhaps unevenly, is the technological revolution of the past couple of decades. While it is hard to pinpoint any particular date as the starting point for the front edge of this wave, we might generally point to the period in which the impact of the new developments in information technology, communications, and engineering became accessible, ubiquitous, and even unavoidable for many of us. The effects on business were immense; the effects on people—while less obvious, for a while—are no less portentous.

Immersion in a technological world has changed business, society, and individual people. In addition, in changing people, it has changed people-as-negotiators. It may even be that the core process of negotiation itself is changing, in response to changes in negotiators. In this chapter, after demonstrating several areas of human change, I try to explain the field's lack of attention to it. I then identify some negotiation-related traits and concepts that are clearly in flux, posing them as examples of what might be, in reality, a much wider spectrum of changes. The iceberg metaphor lends itself nicely to this issue: We are only beginning to see clearly identifiable areas of change rising above the waters; one would do well to consider how much more lies beneath.

In addition to these changes affecting business negotiation as they affect all areas and types of negotiation, the idea of negotiation change merges with the theme of cross-cultural business negotiation even more powerfully when you consider the notion of cultural change. If culture deeply affects negotiation, cultural change must do so as well. When you look at currents of change from the perspective of culture, you can identify forces generating and resisting change. These forces do not all fit neatly together; for example, we can concurrently identify forces of globalism as well as nationalism. Some changes are overt, sharp, and sudden. Migration, religious awakenings, and political movements can rapidly shift countries and regions. Other shifts might be gentler, causing slow culture shifts over time. Additionally, moving beyond the effects of the technological revolution on individuals and its effects on individuals and individual negotiators, we can look at the technological revolution as a core driver of broader change in society and culture, which also contribute to change in individual human behavior. Technology, therefore, contributes to negotiation change on two levels, influencing individuals directly as well as influencing them through affecting the culture of the society they live in. Both levels of impact portend change for negotiators and negotiation; both are compounded in the context of cross-cultural negotiation.

Considering all this, this chapter ends with some forecasts regarding the future landscape of international cross-cultural negotiation and recommendations to managers and negotiation practitioners for facing tomorrow's challenges.

Our Changing World

The contemporary world that negotiators operate in has experienced a generation of unprecedented change. This is not just a poetic sentiment, of the type that virtually any generation could have voiced. As discussed below, change is measurable, and, it is a matter of scientific fact that the past 20–30 years have seen more change across more areas than any of its predecessors. Predominantly, the changes of the past generation have been caused by the wave of technological advancement and human response to living in a technologically immersed world. In this section, I will introduce some of the impacts of this change on people in general and then proceed to apply that to people in their role as negotiators.

The technological advancements of the past generation have introduced technology into every corner of our lives, every element of our workflow, and just about every pocket of our clothes. This has had far-reaching effects, which break down into several categories of change:

We don't only change our behaviors; our new behaviors are rearranging us: The fact that we now conduct our banking and shopping online demonstrates behavioral change; the fact that we now trust anonymous algorithms and unseen corporations to handle our financial resources is indicative of new trust patterns we now have.

We don't only interact in new ways; we are developing new communication formats for these interactions: Emoticons and internet slang used to be dismissed as teenage jargon; today, you are familiar with a substantial dictionary of internet-age abbreviations and emojis and you use them in your own communications.

We don't only use our bodies and brains differently; our brains and bodies are physiologically changing to adapt to these uses: In particular, our brains are mapping out new neurological networks to engage with the technology that we utilize; this develops certain areas of the brain at the expense of others.

When change happens, people respond to it. We have emotional responses, identity-based responses, and behavioral responses. Whatever our responses, though, we have certainly changed. As we change the things we do, the way we do things, and the way we feel about what we do—the things we do change us. Some of us might find it easiest to discuss this change by relating to generational differences. Others are self-reflective enough to recognize that to one extent or another we ourselves have changed.

How is living in a technologically immersed world changing us? The simplest place to begin is through examining changes in our activities—changes in what we do and how we do things. Let us consider changes in non-negotiation activities, to make the case for change effects; afterward, we work our way toward changes in negotiation activity.

Behavioral Change

Our change processes have not been identical (across people) or linear (across time). And yet, clearly, many of us, in many significant areas of life, do things differently from how we used to. You may have gone from shopping in stores directly to shopping online, hesitating before you did so; others may have utilized mail-order catalogues decades ago, and therefore online commerce at a distance did not involve any significant change to them. On the other hand, these same people may have felt they were taking a great leap when they shifted to online banking or consulting with a medical caregiver online. Also, note that we have not all arrived at the same end result, engaging in the same pursuits online. This is only to be expected—we were different before, and we remain different in a technologically immersed world. However, the way we do things, and the differences between us, have all changed. Changes in how we "do things" manifest in all our endeavors: professional, personal, interpersonal, communal, and spiritual. Consider your sources of information 20 years ago: newspapers for current events, libraries for research. When was the last time you utilized either of those? Do you go out for entertainment as much as you used to, or do you utilize in-house entertainment activities more? And, when you do go out—do you do the things you used to do?

Changes in behavioral patterns resulting from our interaction with technology affect us cognitively and psychologically. For example, it changes the sources of information we access (e.g., Google instead of the library), which in turn changes the types, sources, and soundness of information we rely on (e.g., our reliance on anonymous web sources or Wikipedia for non-critical issues). As we shall see, this closes the circle by further reinforcing our new behavioral patterns.

Over the past few years, I have found it interesting, when engaging with people in discussions about technology and change, to note that people do not only vary in terms of how their lives have been fundamentally altered by technological developments. We also tend to have one or more unique areas in which we *reject* technology-driven change, often as a point of pride. If the first topic is people's *history* with technology, this latter issue reflects what I call their *resistory*. Some people refuse to use a certain social media platform. Others shun e-readers and insist on paper and print. Still others hand-write letters or birthday or thank-you cards.

Whatever our precise history with technology has been, and whatever our own resistory is, the balance clearly leans toward change. Consider the following list of behaviors, and you'd agree that your behavior today is quite different from 20 or even 5 years ago—regarding several of them—and that suffices to drive the change point home:

- How do you purchase your home or office supplies?
- How do you administrate your finances? Move money from one person to another?
- How do you read books?
- How do you plan and arrange your travel?
- How do you communicate with your family, friends, and co-workers?
- How do you curate our memories?
- How do you catch up on what friends are doing?
- How do you intake your news media?
- How do you make requests, or file reports, at work?

There are many other behavioral changes. Some are minute; for example, we read web pages differently than we read books (in terms of eye movement around the page) and therefore intake information differently (Carr, 2010). Some are much more extensive, such as the fundamental question of how we use our time and other resources. Clay Shirky (2010) has pointed out the shift, in the early-to-mid 2000s, from internet users as *consumers*, to internet users as *creators*. The shift to Web 2.0 enabled every end user of the internet to create content—blog posts, Facebook messages or replies, YouTube videos, memes, and so on; previously, internet users had been consumers of content that others had created (e.g., news sites or other informational sources). Naturally, this saw an outburst of creative effort. Concurrently, Shirky (2010) has pointed out, the internet has disrupted our addiction to TV. Consider how many hours of TV you now watch daily, as opposed to ten years ago! Shirky (2009) points out that whereas not all of the creative activity that this freed-up time generates is high quality, some of it is. Many people created memes involving their cats; however, many others created Wikipedia. The important point, for our purpose, is that humans are engaging in behaviors that are different from those they had engaged in previously and, that many of these changes involve new actions that are creative, empowered, other-directed, collaborative, and generous (yes, generous: Both the Wikipedia editor and the cat-meme creator are working voluntarily to benefit others with information or a giggle). These new channels and characteristics of human behavior certainly relate to negotiation. Before exploring negotiation, though, we briefly touch on other areas of human change.

Cognitive, Psychological, and Physical Change

I've expanded on behavioral changes at length, for two reasons: First, it is the level at which it is easiest for each of us to recognize personal examples of change; second, because behavioral change triggers a much deeper and significant level of change. Change the things you do or the way you do things—and your brain will change itself in order to be most effective at the tasks you assign it. This, in a nutshell, is the essence of the field of *neuroplasticity* (see Carr, 2010; Liou, 2010; Small & Vorgan, 2008). Our brain evolves all the time, training itself toward optimality. It does so by creating new neural networks and abandoning or dismantling others that are no longer required. Hence, changing the ways we behave, and the stimuli we are exposed to, literally changes us physically.

Neuroplasticity is used to explain significant generational gaps between pre-internet and post-internet generations. The latter grew up exposed to a much different (and expanded) array of stimuli than the former. As a result, their brains are physically wired differently. Gary Small and Gigi Vorgan (2008) have used the findings on neuroplasticity to explain two oft-voiced suggestions about the younger generation: That they are far more tech-savvy than the generation that preceded them, but they have less social and interactional skills. As they put it:

> Young minds tend to be the most exposed, as well as the most sensitive, to the impact of digital technology. Today's young people in their teens and twenties, who have been dubbed Digital Natives, have never known a world without computers, 24-hour TV news, Internet, and cell phones—with their video, music, cameras, and text messaging. Many of these Natives rarely enter a library, let alone look something up in a traditional encyclopedia; they use Google, Yahoo, and other online search engines. The neural networks in the brains of these Digital Natives differ dramatically from those of Digital Immigrants: people—including all baby boomers—who came to the digital/computer age as adults but whose basic brain wiring was laid down during a time when direct social interaction was the norm. The extent of their early technological communication and entertainment involved the radio, telephone, and TV. As a consequence of this overwhelming and early high-tech stimulation of the Digital Native's brain, we are witnessing the beginning of a deeply divided brain gap between younger and older minds—in just one generation. What used to be simply a generation gap that separated young people's values, music, and habits from those of their parents has now become a huge divide resulting in two separate cultures. The brains of the younger generation are digitally hardwired from toddlerhood, often at the expense of neural circuitry that controls one-on-one people skills. (p. 3)

In a previous paper (Ebner, 2017a) I've noted several specific areas in which our immersion in technology is bound to change our mental patterns, cognitively and, ultimately, physiologically. Consider the notion of focus—channeling your thoughts on a single topic or task. How often, in your workday, do you find yourself engaging in what is trendily and positively described as "multitasking?" Multitaskers have been found to have difficulty in switching between tasks (Ofir, Nass, & Wagner, 2009), and there is always a price to pay for multitasking over single-tasking—not only in terms of efficiency of task completion but also in terms of increased stress (Mark, Gudith, & Klocke, 2008; Pattison, 2008).

Our ability to focus has greatly diminished, and we are constantly distracted by a plethora of information and communications sources, all actively beeping or flashing to gain our attention or passively drawing us in through offering instant gratification (see Mark, Iqbal, Czerwinski, Johns, & Sano, 2016). Silicon Valley recruits the best and the brightest to design these distraction and gratification methods (Bosker, 2016).

With so much stimulation, we rarely experience real "down-time"—the time our brain needs to rest and to process and store the stimuli it has been exposed to. Similarly, we rarely experience "boredom"—alone with no task and time on our hands, we slip out our phone and tap on an app, a news site, or a game. A final area of cognitive and physiological change related to neuroplasticity has to do with memory. Consider how many phone numbers you knew by heart 20 years ago. Today, do you remember ten phone numbers? The moment our phones preserved our "contacts," our brains stopped memorizing numbers. This is a manifestation of a wider phenomenon that goes beyond memory, dubbed "cognitive offloading" (Risko & Gilbert, 2016; Thompson, 2007). Our brains have offloaded tasks that technology can perform for us *to that technology*, clearing space and bandwidth for other tasks. In that sense, we are moving along a continuum from being "humans who have and use technology" to becoming cyborgs—technologically-enhanced human beings. The more instantaneous and behind the scenes of our consciousness the connections between our minds, bodies, and technology become, the further we move along that continuum.

What other functions—particularly, those that might pertain directly or indirectly to negotiation—might have we offloaded? While I cannot provide a full answer to that important point (in part, because we have each offloaded selectively; e.g., some of us relay on Waze or Google Maps to get from place to place, others simply know the way or look at a map like we used to), once again the important part is that people are changing; this time, we are talking about change that you can physically identify and measure, if you have a convenient fMRI machine around to hook people up to.

Interactional Change

Above, I've noted the opinions stating that younger people today have fewer interactional skills than those who grew up in a previous generation. The literature on this is not as convincing on this as you would assume, which I think is indicative of the degree to which we are in a period of transition. Anecdotal reports pile up, but the science isn't in yet. Still, as data gather up, it would not surprise anyone if it will exist in the near future. The anticipated interactional changes will affect every area of life, including negotiation. As Small and Vorgan (2008) put it:

> As the brain evolves and shifts its focus toward new technological skills, it drifts away from fundamental social skills, such as reading facial expressions during conversation or grasping the emotional context of a subtle gesture … With the weakening of the brain's neural circuitry controlling human contact, our social interactions may become awkward, and we tend to misinterpret, and even miss, subtle, nonverbal messages. Imagine how the continued slipping of social skills might affect an international summit meeting ten years from now when a misread facial cue or a misunderstood gesture could make the difference between escalating military conflict or peace. (p. 2)

I suggest that rather than looking critically at people conveniently younger than us—as older generations have always done, throughout the generations (this aspect of human behavior seems impervious to change)—we look at ourselves. No matter your age, if you can think back 15 years, you qualify for this exercise: Consider the networks you had 15 years ago and those you have now. Then, consider your modes of interaction with people in those networks. You will probably discover that some of the following hold true for you:

- You have, overall, more people you consider to be in your networks than you used to.
- You have more types of networks, and more networks overall, than you used to. "Professional," "friends," and "family" no longer cover many of the connections we have.
- You are more aware of day-to-day details in the lives of many of the people in your networks—their activities, moods, and events.
- You communicate differently with your networks. You may never had sent out a newsletter about yourself 15 years ago or even a "here's what I've done this year"; today, you communicate with some of your networks in the aggregate, through a blog post or a Facebook status.
- You speak less on the phone with people.
- You engage with people over different communication platforms and have new norms or patterns regarding who you engage with via a particular platform and who you do not.
- You meet with fewer people face to face.
- When you do meet with people face to face, you are rarely engaged with them exclusively. Each of you has a device or three on the table, you respond to their prompts, and when your friend gets up to order coffee, you check your email or open Facebook.

If you've nodded at even two or three of those, that is enough to make the simple point that—our generational positioning notwithstanding—our interactional patterns are changing. By changing our interactional patterns, we increase certain skills and senses and diminish others. Our brain, following our lead, redesigns itself to adapt.

Negotiators Are People Too

If people are significantly changing, how does that affect them as negotiators? As this chapter has occasionally hinted, it probably affects them significantly, even if most of these changes have not been tested in the context of negotiation. In the next few sections, I briefly describe three areas strongly connected to negotiation in which human change is clearly visible. Each also notes why these areas of change are particularly significant in cross-cultural interactions. This is followed by addressing the topic of culture change, heads-on.

However, before introducing negotiator change, I'd like to point out and exclude one area of change that *has* received attention in the negotiation literature. Pointing this out serves three purposes: It will clarify just what I mean when I discuss change in negotiators and negotiation; it will explain *why* the negotiation field has not paid more attention to the notion of negotiator change; and finally, it will answer a question that may have been on your mind since you first began reading this chapter: The negotiation literature has dealt with change, hasn't it? Haven't you read all those papers about negotiating via technology—email negotiation, negotiating via videoconferencing, and so on?

The Instrumental Smokescreen

Actually, I have not only read the literature on negotiation via technology, I have actively contributed to it. It is precisely that experience that led me to realize that the negotiation field's approach to exploring technology in negotiation was serving as a smokescreen, keeping researchers focused on one type of change while veiling far more significant changes. My own work in this area was just as much to blame as anyone else's.

Indeed, over the past two decades, a sizeable body of literature has developed on negotiation and technology. Most of this literature is similar, in terms of its conceptual mindset: Key differences exist between negotiation as practiced at the physical, face-to-face, table and negotiation conducted online, in a technologically mediated environment. The differences are called "media effects." Media effects are nearly always seen as challenges or threats to successful negotiation. These must be overcome; therefore, the literature provides guidance on how to skirt the dangers presented by the medium so that negotiators can conduct processes that are as similar as possible to face-to-face processes. This body of literature continues to flourish and provides contemporary negotiators the insights they need in order to successfully negotiate online.

The field's research into the effects of technology on negotiation has focused nearly exclusively on such media effects. What are the differences between negotiating face to face and negotiating via videoconferencing (Ebner, 2017b)? What are the effects of utilizing email for negotiation (Barsness & Bhappu, 2004; Ebner, 2017c)? Based on what we know about media effects, which medium would support a certain type of negotiation (Schneider & McCarthy, 2017)?

The interest of the negotiation field in technology has therefore focused on technology as instrumental for negotiation; it has side effects—mostly negative—that negotiators must learn to circumvent or cope with. A minority of the literature has pointed at constructive things that negotiators could do with technology (Thiessen, Miniato, & Hiebert, 2012; Zeleznikow, 2017).

In a nutshell, I suggest that focus on technology as *instrumental* to negotiation has diverted researchers' attention from the far deeper and more significant question of whether technology may have *fundamentally* affected negotiators and negotiation (for expansion on the extent of the "instrumental smokescreen" and its effects on negotiation research with regard to change, see Ebner, 2017a). Let's tackle that question by identifying change in three key areas of negotiation: Attention, empathy, and trust.

Negotiator Change

Attention

We've discussed the topic of changes in our capacity for attention, above. To demonstrate, reflect: You have now read about a dozen pages in a book chapter. How many times did you interrupt your reading to do something else? Now, try to recollect your capacity for attention 15 years ago, give or take. Were you able to read a dozen pages without interruption? People differ in their capacity for attention, of course, but I think you have likely reflected that, indeed, you used to be able to focus attention on the task of reading in a manner that you are not able to do today.

Lauren Newell (2017) has discussed the issue of negotiator capacity for attention—to focus on one set of stimuli, to the exclusion of others. She explains that attention is important to negotiation, given that

> … negotiation is a highly complex endeavor. In any given negotiation, a negotiator may need to listen carefully, evaluate offers, propose options, respond to positions, calculate figures, plan strategies, read contracts, write emails, remember agreements, wait for replies, exercise patience, and soothe tempers, among countless other things. Negotiation makes demands upon negotiators' cognitive abilities, emotional competencies, and impulse control capabilities—all of which rely upon the negotiators' powers of attention, particularly their executive attention mechanisms. It stands to reason that a negotiator who cannot pay attention effectively is unlikely to be an effective negotiator. (p. 204)

Focusing on the younger generation of negotiators-in-formation, and relying on research similar to the research on neuroplasticity and cognitive development discussed earlier in the chapter, Newell explains that these professionals are wired for diminished capacity for attention and goes on to discuss how this will detract from their performance as negotiators. She recommends negotiators use technology during specified times to scratch the technological itch we all experience several or many times a day—as this might help them to set their devices aside when they need to focus. She also recommends negotiators consider meditation exercises to improve their capacity to focus.

I concur with Newell's recommendations and only suggest that they apply to all of us, rather than only those of us beneath a certain age. Interestingly, the notion of attention was never considered to be a core element of negotiation (in terms of research, writing, or teaching)—until people began to change. It was only after a shift in human cognitive capacity was documented in other fields that the effects of its loss were noticed by the negotiation field. The one negotiation experiment carried out with regard to attention in negotiation showed that negotiators who were distracted in the middle of negotiation by receiving a message on their smartphone from a negotiation ally achieved lower gains than negotiators who did not receive messages (Krishnan, Kurtzberg, & Naquin, 2014). It is easy to see how this finding would be read through the instrumental smokescreen as "don't have your partner text you in the middle of a negotiation" or "turn off your phone before walking into a negotiation," rather than as being indicative of "Humans are losing capacity for attention, and this will affect negotiation in multiple ways."

Of course, predilection to attention and focus are partly determined by culture. They are connected indirectly to several cultural dimensions and communicative tendencies and directly to the notion of monochromatic and polychromatic grasps of time. Given the connection Newell has made between meditation and attention, one might consider that in some cultures, forms of meditation and mindfulness are woven tightly into the fabric of culture, whereas in others they are but a fringe hobby or fad.

Empathy

Empathy has long been considered a core attribute and/or skill of negotiators (Schneider & Ebner, 2017). It is prescribed as a tool for uncovering interests (Fisher, Ury, & Patton, 2011) and advocated for as the key to a constructive atmosphere (Ury, 1991). Empathy is a complex element of negotiation—the literature would have you be able to feel for your counterpart emotionally, understand where they are coming from cognitively (also known as "perspective taking"), and display or receive empathy behaviorally.

It is becoming increasingly clear, over longitudinal measurements, that people's overall degree of empathy has been in decline (at least among young American adults) for over a decade, and continues to decrease. While it is hard to pinpoint causation for this, it certainly correlates with the increased role of technology and social media in young people's lives, and it is easy to suggest reasons for why immersion in these might cause reduced empathy (Newell, forthcoming).

It is common to hear a more specific explanation for reduced empathy among young people: videogames. In addition to videogames diminishing the time young people spend interacting with one another, violent videogames, in particular, are often directly blamed for antisocial behavior and violence. For example, after every school shooting in the United States, there is a knee-jerk reaction on behalf of some to point a finger at videogames. While the evidence on the effects of violent videogames has never been clear-cut, recent meta-reviews do conclude that a preponderance of studies indicates that immersion in them may be a cause of reduced empathy (Anderson et al., 2010; Carrier, Spradlin, Bunce, & Rosen, 2015). It should be noted that videogaming is not something to be dismissed as frivolous; given the astounding numbers of people who regularly play videogames all around the world, estimated to be over two billion people (McDonald, 2017; also see McGonigal, 2011), it is not unlikely that one of your next negotiation counterparts, or your own negotiation teammate, partakes in videogaming. It is not unlikely that you do yourself!

Empathy, and empathy decline, certainly have cultural aspects, although empathy was not measured specifically for Hofstede's (2009) cultural comparisons or for other leading models. However, empathy could certainly be related to femininity and to collectivism; elements of both would tend to encourage empathy in the form of care and support for others. Changes in empathy levels on a culture-related scale might certainly lead to challenges for cross-cultural negotiation. What might such a change look like?

Just as a hypothetical example, consider South Korea, a feminine culture scoring a 37 on masculinity and a collectivistic culture scoring low, an 18, on individualism (Hofstede Insights, 2018). In addition to those dimensions relation to empathy, as noted above, empathy is a cornerstone of Confucianism, which deeply influences South Korean culture (Buja, 2016). Indeed, a study of 63 countries surveying over 100,000 participants (Chopik et al., 2016) ranked South Korea as the 6th most empathetic country (one place ahead of the United States, for comparison's sake).

Next, consider that South Korea is also a leader in the field of video-gamers. It is among the most developed in terms of professional e-sports (videogaming leagues comparable to basketball or football/soccer leagues). Over 50% of the population play videogames, and some of the most popular games certainly qualify as "violent videogames" (Pasquier, 2017). Videogame addiction became so ubiquitous in South Korea, that as far back as 2011, minors under 16 were prohibited from playing online games between midnight and 6 am; the government monitors compliance with this rule (Ping, 2017).

One could easily suggest that based on the research on technology use, and on videogaming in particular, we might see shifts in individual South Koreans' empathic capacity, over time. Looking beyond that, though, might diminishment of empathy be a channel through which the country's score on the dimensions of masculinity and individualism is altered? All this will have impact on South Koreans' negotiation style and will also impact those negotiating with South Koreans. Of course, there are many other variables that could negate this; I'm using South Korea as a hypothetical example, owing to the contrast between its current ranking in terms of empathy, the increasing saturation of the country with videogaming, and the research suggesting human change in the area of empathy.

Trust

Interparty trust has long been identified as the magical ingredient in negotiation. More than any other element, it is seen as key for everything that this book has spotlighted as contributing to negotiation success. As I've written elsewhere (Ebner, 2007):

> Trust has been identified as an element playing a key role in enabling cooperation, problem solving, achieving integrative solutions, and dispute resolution. Negotiators are trained and advised to seek out and create opportunities for trust-building whenever possible, and as early as possible in the course of a negotiation process. Trust is considered a vital precondition for sharing information, arousing generosity and empathy, and reciprocating trust-building moves in a negotiation process. When trust in a negotiation opposite is lacking, negotiators fear that information imparted to the other might be used to one's own detriment. A trust-filled environment might enable negotiators to contemplate the worst outcome of the process as being a mutually agreed upon "no-deal," which holds promise of a continuing relationship and possible future interactions, dictating cooperative behavior patterns in the negotiation process. Distrust, on the other hand, causes parties to focus on how their cooperative behavior can be used against them by the other to cause them actual loss. This triggers defensive behavior—negotiators withhold information, attack the other's position and statements, threaten him, and lock themselves into positions from which they cannot easily withdraw. (pp. 141–42, citations omitted)

One mechanism through which trust works is its serving as the bonding agent in relationships. As Jean-Francois Roberge and Roy Lewicki (2012) have put it:

> Trust has been described as the "glue" that holds relationships together and enables individuals to perform more efficiently and effectively … We assume trust between parties has an impact on their relationship, and vice versa … As relationship develops, trust changes, and as trust changes, relationship develops. (p. 430, citations omitted)

In fact, a quick word search of this book reveals that the word is used over 280 times, *excluding* this chapter.

Might trust develop, deteriorate, and function differently, in the new technological era? Traditionally, trust has been understood to be rooted in three sources (Lewicki, 2006):

- Identification (the more you are like me, the more I will trust you);
- Knowledge (the more I know about you, the more I will trust you in certain situations); and,
- Deterrence (the harsher I can punish you for trust infractions, the more I will trust you to avoid them).

Trust is a multitasking element; it not only functions as the relational glue discussed above, it also provides the elusive bit of assurance that facilitates people's willingness to assume risk and vulnerability (Ebner, 2007).

Given trust's all-important role in negotiation, it warrants constant investigation. A generation into the technological era, there are many reasons to believe that trust is in flux. Some issues are clear, others are more complex. In the West, there is a consistent decline of public trust in their governments and in public institutions (OECD, 2017). This is particularly marked in the United States, where the percentage of people who say they trust the government all or most of the time has declined from over 70% to under 20% over the past 60 years (Pew Research Center, 2015).

I would not be surprised if data gathered over the next few years for these same measurements of trust show further decline in the public's trust in institutions and governments. In addition to an ever-widening circle of polarized countries, there is a new tendency to place trust itself under attack. Worried that people might trust certain others, their adversaries prefer to undermine people's trust altogether—in a sense, eroding the very concept of trust. This phenomenon, best exemplified by the role played by false news reports in the 2016 elections in the United States, the ongoing accusations of "fake news" cast at any news item that does not cast one in the best light, and hints at the existence of a deep state undermining the public's true wishes, has since spread to other areas of the world.

Another important shift in trust dynamics over the past few years is the shift from trust in institutions, brands, and personal contacts, to trust in strangers providing us advice over the internet and services in the real world. This type of trust, which might be called "peer trust," is thriving. As Rachel Botsman (2015) described this phenomenon:

> Think of the characteristics of "institutional trust"—big, hierarchal, centralized, gated, and standardized. It works if you are Goldman Sachs, AT&T, or Pfizer but it makes no sense if you are network or market-based company like Airbnb, Lyft, or Etsy. The DNA of "peer trust" is built on opposite characteristics—micro, bottom-up, decentralized, flowing and personal. The result of this shift is not only the emergence of disruptive new business models. Convention in how trust is built, lost and repaired—in brands, leaders and entire systems—is being turned upside down.
>
> We are inventing a type of trust that can grease the wheels of business and facilitate person-to-person relationships in the age of distributed networks and collaborative marketplaces. A type of trust that transforms the social glue for ideas whether it be for renting your house to someone you don't know, making a loan to unknown borrowers on a social lending platform, and getting in a car with a stranger from being considered personally risky, to the building blocks of multi-billion-dollar businesses.

Very much in line with the discussion in this chapter, Botsman (2015) concludes:

> Without a doubt this shift in trust will be messy … And we'll have to find a way through because to be human, to have relationships with other people, is to trust. Perhaps the disruption happening now is not about technology; it is how it enables a shift in trust, from institutions to individuals.

The fact that changes in human tendency to form and place trust are taking place, concurrently, across a broad span of activities—including, for example, restaurant choice, product choosing on online marketplaces, dating, taxi service, and holiday accommodations—is both indicative of the large shift trust is undergoing and is another precipitator of the shift. If I shift from asking a hotel concierge to flag me down a taxi to ordering an Uber, I've shifted my trust from a familiar institution and custom (the hotel and the concierge who play the frontal role of obtaining and placing me in a safe ride) to technology (the Uber app) and an individual (the Uber driver). A successful ride will reinforce my own tendency toward this this new type of trust formation and placement (Botsman, 2016). I might also share my experience with others and be a trust multiplier.

The growth of these new types of trust is related to the ever-developing trust that people place in rating systems or reputation sites.

Some aspects of this new trust formation might fit in with traditional conceptualization of trust in terms of identification-based, knowledge-based, and deterrence-based trust. Others may not. It may follow that the changes in the way people develop trust in the age of the "sharing economy" are so fundamental that they necessitate new conceptualization and terminology (see Tanz, 2014).

If such a primary consideration in negotiation is changing, with new factors affecting people's trust and distrust, the negotiation field must examine the effects of this change on people's trust-related decisions as negotiators. This need is magnified, when you consider trust in cross-cultural situations.

Trust certainly has cultural aspects. On a national level, the 2014 World Values Survey found that people in different countries have more or less tendency to respond "most people can be trusted" when posed with the question: *Generally speaking, would you say that most people can be trusted or that you need to be very careful in dealing with people?* Under 10% of Brazilians and Columbians agreed with this sentence. Conversely, over 60% of Swedes and Chinese did agree with it (Ortiz-Ospina & Roser, 2017). It is particularly interesting to note changes over time (see https://ourworldindata.org/trust for a graphic display). This supports both the notion that trust ebbs and flows quantitatively and perhaps qualitatively; it also supports the notion that national tendencies on key issues related to negotiation change over time.

To add in another cultural angle, some research indicates that being raised in households adhering to certain religious traditions (primarily Catholic and Protestant) increases one's degree of trust by over 2% and that regularly attending religious services increases trust by up to 20% (Guiso, Sapienza, & Zingales, 2006). Other religious upbringing might not affect trust significantly at all.

As people change with regard to the way they form their trust assessments of others, and change the actions they take in order to appear trustworthy and actually *be* trustworthy, cross-cultural exchanges are apt to become more fraught with distrust than they have previously been.

From Human Change to Negotiator Change to Negotiation Change

Before moving on to discussing the notion of cultural change and its potential impacts on negotiation, one more point must be made.

So far, I've discussed ways in which people have changed and zoomed in on ways in which people have changed that are particularly significant for negotiation. In doing so I've laid the foundation for the premise that negotiators have changed.

Going one step further, I'd suggest that these changes might be so significant, as to warrant the conclusion that *negotiation itself* has changed. In other words, changes in people-as-negotiators—their habits, practices, tendencies, skillsets, and preferences—might be so far reaching as to require reexamination—if not reconceptualization—of everything we know about negotiation. To test this suggestion, choose your favorite model of negotiation, apply the elements of change discussed in this chapter, and see how they affect the model as a whole. I briefly demonstrate this on the most commonly known model of negotiation, offered by Roger Fisher et al. (2011) in their book *Getting to Yes*, by noting elements of change pertaining to each of the four elements of their model:

Separate the people from the problem: This taps skills of focus, empathy, and interpersonal communication. We have already noted, at length, how all these are in flux.

Focus on interests, not on positions: This requires negotiators to maintain a particular focus despite distracting information and stimuli the other presents. It requires strong power of attention. It requires excellent communication skills. Deciding to share information about your interests, and encouraging your counterpart to share such information, both require smart trust decision-making as well as skilful trust-building. I've discussed the effects of change on each of these areas, above.

Create options for mutual gain: This requires two skills—collaboration and creativity. Creativity is certainly in flux, as a desire quality and as a positive force. Societal progress is being driven by this creativity, which is increasingly gaining recognition as a life skill. In the technological age, we are witnessing an increase in collaborative creativity—the type required for negotiation processes (as opposed to individuals experiencing alone-in-the-bathtub Eureka moments). Collaborative creativity is the force enabling joint knowledge creation by a thousand students in a Massive Open Online Course (MOOC) or by hundreds of thousands of Wikipedia editors.

Insist on using objective criteria: This requires access to information and methods to present it reliably to your counterpart; both are provided by modern technology. On the other hand, the very nature of "objectivity," "facts," and human acceptance of objective facts as persuasive may have changed. Look hard enough, and you will find the internet provides you with support for any position as well as for its counterposition. Lines between opinion and fact blur on the internet, further undermining the persuasiveness of any source. This is compounded by the realization that there are those engaged in deliberately creating false facts, as was spotlighted in the 2016 US elections and in events that followed. Collectively, these changes erode trust in "objective facts," reducing the chances that you and your counterpart will be able to agree on a set of shared criteria to guide your discussion.

This section has demonstrated that even those few specific areas of change pinpointed in this chapter are significant enough to make that change permeate every element of negotiation models (for an expanded discussion of change as it relates to elements of negotiation models, see Ebner, 2017a).

Culture, Change, and Negotiation

If culture is an element of negotiation, as this book assumes, then changes in culture over time will impact negotiators and negotiation itself. And, as cultures grow more similar or dissimilar across cultural dimensions, cross-cultural interactions will become simpler or more challenging, respectively.

This is a simple suggestion to make. The challenge, however, lies in its underlying premise. Does culture change? This question is one of the most fiercely debated in the study of culture. Or, to be more precise, it seems to be the question of rapid and/or constant change that is debated. It would be silly to suggest that Greek culture today is the same as it was in the days of Athens and Sparta or that Italian culture today is identical to the heyday of the Roman Empire.

The question that seems to be largely under debate is, does culture need to be reexamined periodically, perhaps every few years, in order to assess its stability or transition? If we examine a particular culture today, can we reasonably expect that things will remain largely the same for the next year? Decade? Century?

This last suggestion is not randomly chosen. Hofstede (2009), fiercely defending his model's stability over time, wrote that "Cultures, especially national cultures, are extremely stable over time" (p. 34). He held that that cultural stability spanned multiple generations and that cultural change occurred at the centennial level, if at all (Hofstede, 2009).

A great many other scholars have argued against this. The World Values Survey indicates cultural changes in many countries over time (for a visualization of such change over time, see World Values Survey (n.d.)), and researchers have noted cultural changes over brief periods of time, particularly after dramatic events or policy shifts (see Zhao, Kwon, & Yang, 2016).

Particularly, it is the very cross-cultural study that contributed so much to our understanding of the topic of cross-cultural negotiation that draws much of the fire: Hofstede's model of cultural dimensions. Many individual research papers have added their weight to this debate, conducting follow-on replications of Hofstede's research in different countries and reporting cultural change (e.g., Wu, 2006) or reaffirming Hofstede's original findings, strengthening the case for cultural stability (e.g., Girlando, Anderson, & Zerillo, 2004).

If there is one thing that stands out as a clear innate theme in all of the chapters in this book—by innate, I mean something that appeared organically, rather than being an issue that the editors requested authors to comment on—it is the topic of change. The changes in cultural areas that the author described were not uniform. Some stressed change in the shape of sharp advances in economic development, others identified change in the balance of traditionalism and modernity, and still others in a shift from Eastern to Western values. Interestingly, several authors noted cultural shifts along particular dimensions of Hofstede's cultural dimensions. Globalization, a term indicating a shift from one mindset and operating pattern to another, also came up quite often. Taken together, this leaves the reader with the sense that while culture is old and embedded, it is not static. Deserts endure for a long time, becoming arable only through natural cataclysmic upheaval or human intervention, yet its sand is in constant motion, dunes rise and disappear, and—with the right type of time-lapse photography—one can witness the entire scene changing.

I hesitate to insert myself in a debate between such titans of the field of culture. However, I note that one way to reconcile Hofstede's slow-change approach with the more rapid cultural change that some studies have shown and that some chapters in this book have described is by pointing out that in supporting his slow-change approach, Hofstede (2011) looked to the past, rather than the future:

> Culture change basic enough to invalidate the country dimension index rankings, or even the relevance of the dimensional model, will need either a much longer period—say, 50 to 100 years—or extremely dramatic outside events. Many differences between national cultures at the end of the twentieth century were already recognizable in the years 1900, 1800 and 1700 if not earlier. There is no reason why they should not play a role until 2100 or beyond. (p. 20)

It may turn out, that the past is not a reliable source for grounding predictions of the future, in the specific area of process pace. The pace of technological advancement is not only faster than ever before in human history, it is also constantly accelerating.

As far back as 1970, Alvin Toffler conceptualized the idea of 'future shock', a psychological state characterized as "the shattering stress and disorientation that we induce in individuals by subjecting them to too much change in too short a time" (Toffler, 1970, p. 1). This has effects on the individual and the societal level. The pace of change has greatly increased since 1970, increasing the likelihood that we are all experiencing, to some degree, the effects of future shock.

The notion of accelerated change is most apparent in the developmental history of the most basic building block of all twentieth- and twenty-first-century (so far) technology: the computer processing chip. Gordon Moore, co-founder of Intel, first observed that the number of transistors on chips were doubling every two years—and predicted that this would continue to do so, with cost staying constant. To the layperson, Moore's Law explains why our devices constantly become smaller and more powerful while holding at roughly the same price.

While this is all very well for computing power, why is this accelerating pace of development important in a broader sense?

Roy Kurzweil (2001) has explained that Moore's Law essentially applies to all ongoing, evolutionary, developmental processes—including, but not limited to, all technological development. Kurzweil's Law of Accelerating Returns predicts that all such processes grow exponentially. As he puts it:

> An analysis of the history of technology shows that technological change is exponential, contrary to the common-sense "intuitive linear" view. So, we won't experience 100 years of progress in the twenty-first century—it will be more like 20,000 years of progress (at *today's* rate of progress, that is) … the future will be far more surprising than most observers realize: few have truly internalized the implications of the fact that the rate of change itself is accelerating. (Kurzweil, 2001)

Beyond acceleration of technological *change*, the pace of technological *spread*—technology's dissemination and adaptation in society—is also accelerating; for example, the smartphone has been recognized as the fastest-spreading technology in human history (Ebner, 2014).

If culture is in any way linked to technological development and its spread across society, it stands to reason that cultural shift is also likely to occur more quickly in the twenty-first century than in the twentieth, and to continue to accelerate in the future.

Another way of connecting the issue of societal change with culture change is to note that the impact of human change discussed in the first half of the chapter differs by culture. Different cultures have responded differently to technology and its incorporation in daily life. Even beyond the digital divides dictated by location in the Global North or Global South or by more local wealth gaps, other cultural issues affect the degree of technological immersion a particular culture or subculture has experienced. For example, some would suggest that Japanese culture has more fervently adopted technology than, say, American culture. Now, compare urban Japanese to ultra-orthodox Jews in Israel or Amish Americans, who eschew the use of the internet or of modern technology more generally, respectively. These are extreme examples of course, but they highlight the fact that the wave of technology did not crash upon the shores of all cultures equally; therefore, the degree of the changes we've discussed throughout the chapter cannot be expected to distribute equally the world over. Hofstede (2011) takes this point in a slightly different direction:

> Some authors predict that new technologies will make societies more and more similar. Technological modernization is an important force toward culture change and it leads to partly similar developments in different societies, but

> there is not the slightest proof that it wipes out variety on other dimensions. It may even increase differences, as on the basis of pre-existing value systems societies cope with technological modernization in different ways. (p. 20)

I suggest that this may justify framing and examining new cultural dimensions in order to understand societal and individual behavior. Hofstede (2011) himself opposed to adding additional dimensions, given that

> … human minds have a limited capacity for processing information, and therefore dimensional models that are too complex will not be experienced as useful. (p. 21)

Still, given the sweeping effects of technology on every aspect of human life in many places around the world, and the fact that these effects and their degree of their pervasiveness differ from culture to culture, adding a technologically-related dimension to models of cultural dimensions might be inevitable. I can imagine several ways to frame such a dimension; for example, the degree to which people in a society embrace new technologies or the degree to which people expect unlimited and uncensored access to the global information network. Such new dimensions are, on the one hand, more areas to find difference and, on the other, understanding them would help to overcome cross-cultural misperceptions.

Even if the sands of culture shift very slowly, it may be that negotiators are particularly susceptible to being affected by this change, or that they are less likely to be as constrained by the boundaries of their own culture as much as the average citizen is. By nature of their role, many negotiators are likely to travel internationally and to have international contacts. Such experiences lead to personal development; through opening a window in the walls of one's culture, one achieves enhanced understanding and perspective taking.

Looking Ahead: The Future of Cross-Cultural Negotiation

Considering the rapidly changing negotiator and anticipated changes in negotiation itself, cross-cultural negotiation is likely to become more intricate, and more fascinating, even as it becomes more necessary.

Looking ahead, I envision a world in which a new global negotiation landscape appears. With ICT eliminating geography as a deciding limitation, and supported by further developments in transportation and other fields, international business will increase, and with it, cross-cultural negotiation. Some of the cross-cultural challenges of negotiation will be simpler than they currently are. For example, negotiators will increasingly be able to speak the same language rather than working through an interpreter or a third language—this owing to English continuing to spread as the global business language, the learning of foreign languages being simplified by software, and advances in real-time translation software. Similarly, advances in the understanding of cross-cultural education—this book among them—will provide the cross-cultural sensitivity that negotiators require.

On the other hand, I expect that certain elements of cross-cultural negotiation will become far more complex—just as we thought we were getting a handle on them.

Applying general cultural dimensions to specific people and interactions with them has always relied on an assumption that, as Israeli poet Saul Tchernichovski has written, "A person is naught but the pattern of their homeland's landscape." Of course, as many authors in this book have reminded us, directly applying country-level traits to any particular negotiation counterpart is risky business. Rather, familiarity with national cultural traits will help you know what to look for, what to question, and what to be extra cautious about, as you negotiate.

Looking toward the future, negotiators are increasingly less likely to be only a reflection of their home culture. As internationalization of higher education increases, so too do the odds that your counterpart has had an international component to their education, mixing other cultural ingredients into the mix together with their home culture (Khan & Ebner, 2018). Moreover, they are more likely to have studied the art and science of negotiation, specifically, outside of the cultural approach in their homeland—owing to educational opportunities allowing them to study negotiation in global settings with students around the world. This might be in the course of formal education or through a variety of educational opportunities the internet offers us. For example, in a Massive Open Online course, or MOOC, that I taught several years ago, over 2000 students from 87 different countries around the world signed up to study negotiation—and this was not a particularly large course, by MOOC standards (Ebner, 2016).

As negotiators become less identified with their national culture, the more likely it is that negotiating parties might converge around an interactional mode of conduct that they can both cope with. However, the diminishment of national culture's effect on negotiation will also cost negotiators some of the paths they had previously used to connect with the other. This is likely to cause more intercultural *faux pas* than less. To be truly successful in the future, the international negotiator will need not only the cross-cultural sensitivity that this book has endeavored to equip them with but also increased capacity for nuance in taking stock of the cultural make-up of his or her counterpart.

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Index[1]

[1] Note: Page numbers followed by 'n' refer to notes.

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