

The Significance of Cross-cultural Communication in International Business Negotiation

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Abstract

With china's entrance to WTO as well as the international trade global integration, we must carry on the international commercial negotiations inevitably. If we want to achieve a goal in intercultural negotiation, we should understand different negotiation styles in different countries. Because of the culture accumulation, the thinking mode as well as the different cognitive ways, the people in the West and China encounter the cultural conflict, which causes the failure of international commercial negotiations. So we must look for effective strategies and tactics, in order to break the deadlock in international business negotiation and make negotiation successful.

In terms of intercultural communication, the thesis lists some cultural factors which influence negotiation, for example, the thesis talks about cultural diversity in intercultural negotiations, analyzing the difference in time and space and others among different countries. The thesis also puts forward a series of effective methods, namely, intercultural strategies and responding tactics in international business negotiation, so that people can avoid the deadlock. Based on the thorough study, the thesis lists some key points which we must pay much attention to in intercultural negotiations, so as to avoid mistakes in details, and finally achieve successful negotiations.

Keywords: Cross-cultural communication, Business negotiation style, Cultural diversity, Intercultural strategies

1. Introduction

By "culture", anthropology means the total life way of a people, the social legacy the individual acquires from his group. Or culture can be regarded as that part of the environment that is the creation of man., another formal definition is that "A culture is a collection of beliefs, habits, living patterns, and behaviors which are held more or less in common by people who occupy particular geographic areas" Culture and communication are inseparable because culture not only dictates who talks with whom, about what, and how the communication proceeds. In fact, our entire repertory of communicative behaviors is dependent largely on the culture in which we have been raised. Culture, consequently, is the foundation of communication. And, when cultures vary, communication practices also vary. Now consider a situation where there is little shared knowledge, few common values and a different language is spoken and we can readily see just how complicated negotiating international transactions can become. While intercultural communication is communication between members of different cultures. This definition is simple, but the process is complex. Intercultural communication involves differing perceptions, attitudes and interpretations. We know that even two people from the same culture can have communication problems. The art of negotiation is hard enough in our own country, dealing with colleagues who think like us, process information as we do, share a common set of values and speak the same language.

Difficulties in intercultural communication arise when there is little or no awareness of divergent cultural values and beliefs. In intercultural interaction, speakers sometimes assume that what they believe is right, because they have grown up thinking their way is the best. This ethnocentric assumption can result in negative judgments about other cultures. Whether it will succeed depends largely on the understanding of culture diversity.

As new markets open up for world trade and global competition intensifies, businesses of all sizes and in all sectors are expanding their operations overseas at unprecedented rates, which necessitate an increase in strategic alliances and hence intercultural negotiations. Intercultural negotiation involves discussions of common and conflicting interests between persons of different cultural backgrounds trying to reach an agreement of mutual benefit. This passage explores how culture differences manifest themselves in business negotiation, identifies and compares cultural characteristics and patterns among countries and suggests ways in which cultural conflicts are effectively handled.

2. Different negotiation styles

According to the different culture, the types of the negotiation are greatly different. If we want to be successful businessmen, knowing the different types of negotiation will help us a lot. And of course, the research and observations by most scholars indicate fairly clearly that negotiation practices differ from culture to culture and that culture can influence "negotiation style" — the way persons from different cultures conduct themselves in

negotiating sessions.

International business negotiation is a negotiation among different countries and regions. Because of the difference system in politics and economy of the world, they have different history and cultural tradition. If we want to win the negotiation, we should know well businessmen in cultural background. As for different opponents, we should adopt different negotiation style.

The characteristics of negotiation style in the west: because of difference of language and culture between the East and the West, they also have different negotiation styles. For example, U.S. negotiators tend to rely on individualist values, imagining self and other as autonomous, independent and self-reliant. They are competitive in their approach to negotiations, including coming to the table with a fall-back position but beginning with an unrealistic offer, and they are also energetic, confident, and persistent; they enjoy arguing their positions, and see things universally — i.e., they like to talk about broad applications of ideas. Of course, they are direct and honest in delivering their negative evaluations. So if we meet Americans in international negotiation, we should avoid adopting indirect express with them, we should be direct to express our doubt when we don't understand what they mention. Or it is easy to make negotiation impasse.

Even when different negotiations across national cultures are identified, change is constant. International business culture tends to privilege Western approaches to negotiation, centered in problem-solving and linear communication, as do many settings. As Western norms are balanced with Eastern values, and local traditions are balanced with regional and national approaches, negotiation practices continue their global evolution.

3. Cultural factors that influence negotiation

In terms of international business negotiation, negotiating styles of the West and the East, represented respectively by the United States, German, Japan and China, have attracted many experts to make a comparison because distinguished differences do exist in the two kinds of cultures that are the deep-seated reasons why the westerners negotiate quite differently from the easterners do and how these differences are produced. The two different negotiating styles exemplified by the U.S., Japan and China are typical enough to be compared in the studies of international business negotiation. Negotiators with different cultural backgrounds vary in their preference for negotiating strategies. Cultural factors are one of the most important parts responsible for the success or failure of the negotiations in which people with different cultures meet together. Here, we look at some concrete cultural factors that are in play and are generally believed to have an enormous impact on the West and Eastern business negotiations.

3.1 Time orientations

Two different orientations to time exist across the world: monochromic and polychromic. Monochromic approaches to time are linear, sequential and involve focusing on one thing at a time. These approaches are most common in the European-influenced cultures of the United States, Germany, Switzerland and Scandinavia. Japanese people also tend toward this end of the time continuum. Polychromic orientations to time involve simultaneous occurrences of many things and the involvement of many people. The time it takes to complete an interaction is elastic, and more important than any schedule. This orientation is most common in Mediterranean and Latin cultures including France, Italy, Greece, and Mexico, as well as some Eastern and African cultures.

Negotiators from polychromic cultures tend to start and end meetings at flexible times. Take breaks when it seems appropriate. Be comfortable with a high flow of information. Expect to read each others' thoughts and minds, sometimes overlap talk; view start times as flexible and not take lateness personally.

Negotiators from monochromic cultures tend to prefer prompt beginnings and endings, schedule breaks, deal with one agenda item at a time, rely on specific, detailed, and explicit communication, prefer to talk in sequence, view lateness as devaluing or evidence of lack of respect.

3.2 Space orientations

Space orientations differ across cultures. They have to do with territory, divisions between private and public, comfortable personal distance, comfort or lack of comfort with physical touch and contact, and expectations about where and how contact will take place. In Northern European countries, personal space is much larger than in Southern European countries. For a German or a Swedish person, for example, the Italians or the Greeks get too close. An American etiquette manual advises this about personal space: "When we meet someone, don't stand too close. An uncomfortable closeness is very annoying to the other person, so keep our physical distance, or he'll have to keep backing off from us. A minimum of two feet away from the other person will do it."

Seating arrangements for negotiations should take norms for space into account. In general, Americans tend to talk with people seated opposite them, or at an angle. For the Chinese, these arrangements may lead them to feel

alienated and uneasy. They may prefer to converse while sitting side by side.

There are large differences in spatial preferences according to gender, age, generation, socioeconomic class, and context. These differences vary by group, but should be considered in any exploration of space as a variable in negotiations.

3.3 Individualism — collectivism

In individualistic cultures the focus of one's behavior can be unashamedly self-centered. The individual can make objections, state his feelings and be openly judgmental. Success or failure is left to the individual and does not cause the same degree of shame among the group. In individualistic cultures, people tend to put tasks before relationships and to value independence highly. People in these cultures are expected to take care of themselves and to value the needs of the individual over those of the groups, community or society. Individualistic cultures prefer linear logic and tend to value open conflict. Members from individualistic societies expect the other side's negotiators to have the ability to make decisions unilaterally.

In many cultures the interest of the group, whether the family or the community is given priority over those of the individual. Such cultures, called "Collectivist", rely on group consensus and the avoidance of conflict. By contrast, cultures that value collectivism emphasize solidarity, loyalty and strong interdependence among individuals. Relationships are based on mutual self-interest and are dependent on the success of the group. Collectivist cultures define themselves in terms of their membership within groups. Maintaining the integrity of groups is stressed so that cooperation, conflict avoidance and conformity dominate the culture. Collectivist societies tend to stress abstract, general agreements over concrete, specific issues.

3.4 Power differential

The idea of power differential describes the degree of deference and acceptance of unequal power between people. Cultures where there is a comfort with high power differential are those where some people are considered superior to others because of their social status, gender, race, age, education, birthright, personal achievements, family background or other factors. Cultures with low power differential tend to assume equality among people, and focus more on earned status than ascribed status. Generally speaking, the more unequally wealth is distributed, the bigger will be the power differential in any national setting. National cultures with a high power differential include Arabian countries, Malaysia, the Philippines, Mexico, Indonesia, and India. Negotiators from these countries tend to be comfortable with.

3.5 uncertainty avoidance

The idea of uncertainty avoidance has to do with the way cultures relate to uncertainty and ambiguity, and therefore, how well they may adapt to change. Generally, countries that show the most discomfort with ambiguity and uncertainty include Arab, Muslim and traditional African countries, where high value is placed on conformity and safety, risk avoidance, and reliance on formal rules and rituals. Trust tends to be vested only in close family and friends. It may be difficult for outsider negotiators to establish relationships of confidence and trust with members of these national cultures.

The United States, Scandinavia and Singapore are identified as having a higher tolerance for uncertainty. Members of these national cultures tend to value risk-taking, problem-solving, flat organizational structures and tolerance for ambiguity. It may be easier for outsiders to establish trusting relationships with negotiating partners in these cultural contexts.

3.6 Masculinity — femininity

The terms masculinity and femininity are used to refer to the degree to which a culture values assertiveness or nurturing and social support. The terms also refer to the degree to which socially prescribed roles operate for men and women. Countries and regions such as Japan and Latin America are rated as preferring values of assertiveness, task-orientation and achievement. In these cultures, these tend to be more rigid gender roles and "live to work" orientations. In countries and regions rated feminine, such as Scandinavia, Thailand, and Portugal, values of cooperation, nurturing, relationship and solidarity with those less fortunate prevail, and the moral belief is more one of "work to live". Of course, it is important to remember that associations with gender vary greatly across cultures, so that elements considered masculine in one culture might be considered feminine in another. Negotiators may find it useful to consider the way gender roles play out in the cultural contexts of their negotiating partners.

3.7 Context orientation in major cultures

The powerful effect that culture has on negotiation: A key factor is context which relates to the framework, background and surrounding circumstances in which communication or an event takes place.

High-context cultures (including much of the Middle East, Asia, Africa, and South America) are relational, collectivist, intuitive and contemplative. This means that people in these cultures emphasize interpersonal relationships. Developing trust is an important first step to any business transaction. These cultures are collectivist, preferring group harmony and consensus to individual achievement. People in these cultures are less governed by reason than by intuition or feelings. Words are not so important as context, which might include the speaker's tone of voice, facial expression, gestures, postures — and even the person's family history and status. High-context communication tends to be more indirect and more formal. Flowery languages, humility, and elaborate apologies are typical.

Low-context cultures (including North America and much of Western Europe) are logical, linear, individualistic and action-oriented. People from low-context cultures value logic, facts and directness. Solving a problem means lining up the facts and evaluating one after another. Decisions are based on fact rather than intuition. Discussions lead to actions. Communicators are expected to be straightforward, concise and efficient in telling what action is expected. To be absolutely clear, they strive to use precise words and intend them to be taken literally. Explicit contracts conclude negotiations. This is very different from communicators in high-context cultures who depend less on language precision or legal documents. High-context business people may even distrust contracts and be offended by the lack of trust they suggest.

So we can know that every nation has their own different culture, they are different in some ways: for example, space Orientations, individualism — collectivism, power differential, uncertainty avoidance, masculinity — femininity, context orientation in major cultures and so on. Cultural diversity influences the negotiation a lot. Of course, every nation's negotiation type will be different, too.

4. Preparation and strategies for negotiations

Business negotiation can be understood as a process in which two or more parties come together to discuss common and conflicting business interests in order to reach an agreement of mutual benefit. Negotiation can be considered a delicate business, made even more delicate by different cultural understandings. How can we avoid the subtle pitfalls and make deals go smoothly? I will give us a detail way to solve this situation.

4.1 The preparation before the intercultural negotiation

A good pre-preparation is a key note to have a successful negotiation. If we have a negotiation in hurry, we will know little about our partner and we can not get the most benefits during the intercultural negotiation. And of course, our partners will think that we did not pay much attention to this negotiation, so it can show our careless attitude about the business and our partner. Therefore we will fail in the negotiation. So it is important to make a good preparation before we go into the intercultural negotiation, but how to make preparations before we begin the negotiation? Next I will give us some advice. First we must organize our team well, because the team is the foundation of our successful negotiation. We can keep our team as small as possible. But it does not mean what the less people our team has, the more effective work we can get. Some people who have specialized skills, communication ability, team spirit and gamesmanship must be contained in our team.

4.1.1 Selecting team members

The company must choose a cross-section of technical skills and personal attributes that will create a compact and efficient team. One team member's weakness must be offset by another's strength. Technical knowledge must be accompanied by the ability to communicate and apply that knowledge. Putting a team together is similar to assembling a jigsaw puzzle: there is no success unless all of the pieces fit.

4.1.2 Gathering of information

Once the negotiating team has been organized, the first and most important step in preparing for a specific negotiation is gathering information. It is common to learn as much as possible about a potential client or partner before negotiations begin. Various kinds of information are necessary, finance, market, technology, policy, even the background of a particular executive. The next step is to analyze the various data so as to size up the probable goal and preferences of our counterpart, using his perspectives rather than ours as well as our own.

(1) Obtaining information

Given the critical nature of business negotiations, knowledge a particular executive's background, and family status can be a great advantage.

More important, the gathering of information includes that of market, science and technology, policy and regulations, etc.

Such as: the big issues that are to be gathered, the political system, the legal system, the business system, the

financial system, infrastructures and logistics system, the counterpart.

(2) Analyzing information

The next step is to analyze the various data so as to size up the probable goal and preferences of our counterpart, using his perspectives as well as ours.

With so much information at hand, it is advisable to do a feasibility study before the negotiation. It should arrive at definitive conclusions on all the basic issues after consideration of various alternatives such as those listed below using a project negotiation as an example, political and social background, social and economic analysis, detailed analysis, location and site, main costs, manpower, schedule implementation, financial and economic evaluation.

4.1.3 The negotiating brief

(1) The negotiating brief

The negotiating brief is in written form and the manager responsible for the outcome of the negotiation signs it.

The brief should: Define the negotiating objective in terms of the major issues to be discussed. State the minimum acceptable level for each of the major items. Suppose we are the seller, our brief may state the minimum acceptable level about the following major issues, price, terms of payment, delivery, warranty. State the time period that the negotiation should be concluded. Identify the team leader and other members of the negotiating team, such as the names and jobs titles of the team members. Set up the lines of communication and the reporting system. It should state who is responsible for reporting to management and how.

(2) The negotiation plan

The plan provides discipline and organization that can be critical to a team's success. It will serve as the negotiating team's guide as the negotiations ensue. While the negotiating brief consists of the instructions given to the team leader by management; the negotiation team develops the negotiating plan. In defining the initial strategy and stating the possible measures or tactics, set down some basics and allow flexibility in different situations. The location of the negotiation is perhaps the most important situational factor for several reasons, both practical and psychological. As to the administrative arrangements, two factors should be taken into account. If the team is negotiating at home, in making arrangements for the meetings, they have the advantage of selecting the meeting rooms, an adjournment meeting room, negotiating facilities, etc. if the team is to go abroad, Attention should be given to the choice of a hotel with the best available business facilities, reference material, some portable office equipment, etc.

In addition, there are two interconnected aspects that need to be considered before entering into cross cultural negotiation.

The basis of the relationship: in much of Europe and North America, business is contractual in nature. Personal relationships are seen as unhealthy as they can cloud objectivity and lead to complications. In South America and much of Asia, business is personal. Partnerships will only be made with those they know, trust and feel comfortable with. It is therefore necessary to invest in relationship building before conducting business.

Information at negotiations: Western business culture places emphasis on clearly presented and rationally argued business proposals using statistics and facts. Other business cultures rely on similar information but with differences. For example, visual and oral communicators such as the South Americans may prefer information presented through speech or using maps, graphs and charts.

4.2 The bridge-building between the different cultures

But just making those preparations are not enough, we must know what will happen during the intercultural negotiation. Next this thesis will give us a detail explanation to the problems.

Supposed there are two persons: Tom in the West and Marry in the Eastern country. They have the same likes and dislikes, and Tom recently spoke for days with Marry, his potential business partner and yet the barriers between them were never broached — and the deal didn't get inked .

The problem had to do with different conceptions of the negotiation process itself and misinterpretations of the other's behavior. For Tom, negotiation is about pushing through a deal period. When he didn't think their discussion was moving forward as quickly as he thought it should, his arguments became increasingly forceful. Because his opposite read this as disrespect, the negotiation essentially ended days before their talks did.

Although globalizing communications and marketing have made the world smaller in many ways, deep differences between cultures remain. Despite similar tastes, Tom and Marry each approach negotiation in a way heavily conditioned by his national culture. Because they sat down at the table without understanding the other's assumptions about the negotiation process, all they ended up with was an impasse.

So, we must pay attention to the question that is how to build the bridges between the different cultures so that the degree of mistrust is diminished until it is non-existent. In order to prepare for our negotiations try the following:

- (1) Get to know the individuals that we will be personally dealing with. Making a one-to-one human connection is one of the best ways to overcome mistrust!
- (2) Background: checks into the company that we are doing business with. Get to know the company as much as possible. Have credit checks done on the company. Learn about their financial situation in any way possible.
- (3) Research the culture of the foreign company and sensitize ourselves to the possible differences that we may be confronted with.
- (4) Get the assistance of a company that is expert in dealing with such cultural differences that can give us some tips.

4.3.1 Offensive strategy

Claiming is not restricted to the most powerful states. While offensive claiming by the weak against the strong is rare, defensive claiming is common among all states. In international business any countries is attempting to shift strategies from one party to another, or use both of them. If our strength is superior to our opponent's, we will adopt the offensive strategy, and we'd better put to use tactics correspondingly.

Ask questions. There are four kinds of question: probing, specific, attacking, and yes/no questions. Probing questions are difficult to answer because they are phrased in general terms. They are intended to gain information for one party to secure the weak point in the opponent's proposal before a major attack. Specific questions are designed to force an admission based on the information gained from the probing questions and data that are already known.

Tit for tat. It is an effective tactic in business negotiations. Sometimes we need to be hard shelled to make our opponent give up. In most cases, this technique can serve to push the negotiation forward if the negotiator deals with it appropriately. It can usually fool the opponent into making concessions and closing the deal.

Feign a blow to east and attack in the west. One party will over emphasize the apparent importance to their securing a particular point when their real objective is the exact opposite. Some negotiators are suspicious of any proposal made by their counterparts.

Use of commitments. The use of commitments, for example, national laws and regulations, standard negotiating procedures of the company, instructions from a superior, previous precedents, etc., is needed to persuade the opponent of the truth of the statements the party makes. It is a major offensive negotiating tactic that both sides will use. When the commitments are of different levels, the higher one normally prevails.

Uncover the counterpart's interests and "the right answer". As negotiating about interests is a better way to conduct technology trade negotiation, uncovering the other side's interests becomes paramount. When two parties have conflicts of interests, which are pretty difficult to resolve, they may try the right answer strategy. It works this way: 1) agree that a state of deadlock exists; 2) step out of the role of negotiators; 3) study the problem objectively; 4) seek the right answer; 5) agree on the right answer; 6) return to the role of negotiators and see if the right answer offers acceptable solutions.

Search for contextual irregularities or discrepancies. Keep in mind that the person who understands the context best will probably "win" the negotiation. A contextual irregularity is some factor in the negotiation that arouses suspicion or appears to be incorrect, given the overall context of the transaction. The term "discrepancy" specifically refers to inconsistencies associated with the prices or numbers in a seller's proposal. In other words, it is a method of challenging the validity of a proposal. A case will be found in which application of the proposal would be absurd, so the person who posed it is challenged to redefine it in more limited ways.

In many cases, a careful analysis of these elements will reveal errors suggesting that the proposal may be unsound. In this way, we can make the other party appear unreasonable. If the negotiator can find out elements like the two mentioned here, he can occupy an advantageous stance.

Be aggressive. Aggressive negotiators attack frontally and generally. They use the other party's belief in their own strength against them.

Present arguments. In negotiation, a party often feels the need to show the other side that they know exactly where the other's real interests lie and will not compromise theirs. The valid reasons must be put into some kind of an order. Each point should be stronger than the one before until the argument reached its climax. That is to say, it ends with the strongest point, the point that the other party will find most convincing.

Conclusion

International business negotiation is playing a more and more important role in our economic lives in modern society. Obviously, international business negotiations take place across national boundaries. This means that understanding the different cultural environments that exist among nations and considering cultural differences in all facets of business are crucial for negotiators in the operation of international business negotiation.

International business negotiators are distinguished from each other not only by geographic location, language spoken, more importantly by the specific cultures in which they grow up. Cultural differences influence negotiation in many aspects, even before the face-to-face negotiation starts

The understanding of negotiation in the western culture is alien to that of the eastern culture. Many Americans see negotiation as a good approach to resolve conflicts while Japanese or Chinese do not like it at all. The composition of negotiation team relies greatly on culture that defines the number and the selecting criteria of negotiators. Japanese or Chinese negotiation team is often large, usually led by an old person with high status. Whereas, American team tends to be small and its negotiators are chosen on the basis of competence at the issue under negotiation. Simultaneously, people from different cultures prefer to use different negotiating strategies and styles. Therefore selection of different strategies and tactics results in different outcomes in international business negotiations.

Different selection of pragmatic strategies may produce different results in a business negotiation: a win-lose result, a win-win result or lose-lose result. In order to maintain a long-term cooperative business relationship between both negotiating parties concerned in a win-win business negotiation situation, the selection of strategies should be of crucial importance.

Our nation is mentioning to establish harmonious society, if we want to be a successful negotiator, we should set up an atmosphere of harmony. I think the best result is a win-win result in international negotiation. So we will have many chances cooperate with our foreigner. Our Chinese people also can become the successful men.

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