

# The Impact of Culture on Business Negotiation Styles: A Comparative Study between Bangladesh and China

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## Abstract

The People's Republic of Bangladesh is an emerging and booming trade partner with different countries especially with the People's Republic of China. China achieved a double-digit GDP which is a remarkable economic record or milestone. A long-term win-win business relationship between Bangladesh and China is being sustained and through this relationship a significant number of business dealings have been made each and every year. One of the greatest challenges that Bangladeshi and Chinese business executives are facing in international business is effective communication with their counterparts during the negotiations. This study aims at investigating the impact of culture in negotiation styles – accommodation, collaboration, competition, compromise and withdrawal. Business executives were the targeted population for this study. About 50 business executives from Bangladesh and 40 Chinese business executives working in Bangladesh were selected for the study. Data has been analyzed by SPSS software. The finding shows that both groups have international business experiences and have completed successful negotiations before. Accommodation, competition, and withdrawal negotiation styles are affected by culture and other two styles – compromise and collaboration – are not affected by culture. Hofstede's cultural dimension index also supports these hypotheses. The findings of this study will help both Chinese and Bangladeshi business executives to achieve successful negotiations.

**Keywords:** negotiation, culture, Bangladesh, China

## 1. Introduction

Bangladesh has placed herself as one of the most significant economic zone in the world and as a business area in the eyes of business investors. The International Monetary Fund (IMF) has classified Bangladesh as the second fastest growing economy with an average GDP growth rate of 7.11% (Trading Economics, 2018). And the World Bank (WB) has also classified Bangladesh as the “next eleven emerging market economy countries” of the world (World Bank, 2015). Today, Bangladesh is the 43rd major economy in the world in nominal terms and 31st biggest in terms of Purchasing Power Parity (PPP) (World Bank, 2017). Bangladesh would be the center point of the economy of Asia region by 2041 and would play a remarkable role in local supply chain and global value chain as well as establishing regional sub-regional communication and connectivity. With the aim of achieving a target of USD 40 billion from export earnings by 2021, Bangladesh has undertaken many economic measures for conducive cross-border business, such as establishing multiple Economic Zones across the country (BEPZA, 2016).

While Bangladesh has increasingly been involved in international business, China is regarded as the largest import partner because it contributes about 21.6 percent of Bangladesh's import share (World Bank, 2015). Today, China is considered as the second power in the world after the USA and recently many Chinese companies have become global leaders in their specific industries. A critical study and analysis of China's national and international business atmosphere and conditions indicates that China has sketched a two-layer development plan from 2020 to mid of twenty first century. In the first layer of 15 years from 2020 to 2035, China will focus on building a prosperous society based on spirit of hard work and confirming modernized socialism. In the second layer of next 15 years from 2035 to 2050 of this century, China will pay attention on

building a modern socialist country with help of hardship and hard work. It will also work towards becoming a prosperous, strong, democratic, culturally advanced harmonious and beautiful country in the world which will be an example for other countries (CPC, 2018).

The approximate annual trade volume between China and Bangladesh is 11 billion US dollars with an average growth rate of around 20 percent in import and 40 percent in export (BBS, 2016). Therefore, there exists a very close business relationship between Bangladesh and China. China is also one of the biggest foreign investors in Bangladesh. In 2016, the Government of the People's Republic of China pledged USD 24 billion investment in various sectors in Bangladesh (Asia Times, 2016). For this reason, Government of Bangladesh has also provided Special Economic Zones to Chinese investors, most of whom are Multi-National Enterprises (MNEs). Parmentola (2017) has identified four different determinants that induce Chinese MNEs to make Foreign Direct Investments (FDIs) abroad. The determinants are knowledge seeking, competence gap exploitation, location specific advantage exploitation and global leadership acquisition.

Today, the frequency of business deals and business negotiations between Bangladeshi and Chinese managers is higher than any time ever before. For effective international business, the acquisition of necessary skills for negotiation is fundamentally important. International business negotiation skills are also important for any business enterprise to remain competitive in the globally integrated economy. However, the nature of negotiations in international business is often dynamic and unique. Beside the aspects of relationship and behavior of both parties, the business negotiation also include the aspects of influencing conditions, such as culture (Weiss, 1993). Unlike in the intercultural context, the business negotiation in cross-cultural context is more complex and challenging, and requires adequate understanding of the influence of cultural differences on it (Sobral et al., 2008).

Although, the experienced party receives the maximum favor in business negotiation, following a win-win strategy in negotiation is the most effective (Khan et al., 2005). As the effective negotiations are often afflicted by cultural differences (Kopelman & Olekalns, 1994), for successful cross-border negotiations, accepting and respecting the cultural beliefs and norms of the other party are prerequisite (Sobral et al., 2008). According to Hofstede (2007), cultural beliefs and norms differ on the basis of the dimensions of power distance, individualism, masculinity, uncertainty avoidance, long-term orientation and indulgence. On one hand, effective negotiation outcome can be ascertained by having a better understanding of the influence of cultural beliefs and norms on international business negotiation, (Volkema & Chang, 2013). On the other hand, Blake and Mouton (1985) classify the nature of negotiation into five types namely: competition, accommodation, withdrawal, collaboration, and compromise.

Until today, adequate studies have been conducted to understand business negotiation styles. However, there is a study gap of adequate understanding of the comparative difference in negotiation styles between two countries or cultures. There is also study gap of understanding the cultural influence on negotiation styles between Bangladeshi and Chinese business executives. Therefore, the primary purpose of this study is to investigate the differences in business negotiation styles that exist among Bangladeshi and Chinese managers. In this process, this study would investigate whether or not the Bangladeshi and Chinese manager's negotiation style differs as a consequence of cultural differences. This study would fill up this gap of adequate knowledge of difference in negotiation style, and subsequently contribute in more successful international business.

## **2. Setting the Context**

### *2.1 Socio-Economic Background of Bangladesh*

The Moghul imperial ruled the whole subcontinent from 13th century to 18th century and then surrendered to the British imperialism. The British imperialism continued their suppression until West Pakistan took this country under their control in 1947. In 1971 Bangladesh became independent. This long period had contributed to the country's both bitter and better flavor- in economy, socio structure, political aspect, and in business culture. Bangladesh is an E9 country and has gained the status of developing country. The Rural Employment Opportunities index for Public Assets programme in Bangladesh is a prime example. Bangladeshi index has increased 81% over the last 30 years. Bangladesh achieved its first Millennium Development Goal (MDG 1) of halving poverty five years ahead of time, with 20.5 million people rising out of poverty during the 1991-2010 period. In parallel, life expectancy, literacy rates and per capita food production have increased significantly. Progress was underpinned by strong economic growth, with 6 percent plus growth over the decade. Rapid growth enabled Bangladesh to reach the lower middle-income country status in 2014 (World Bank, 2017). A Perspective Plan and two five-year plans, 6th and 7th, were to implement Vision 2021 to achieve sustainable development by balancing between equitable national economic progress and human development. The 6th Five

Year Plan (2011-2015) moved the Bangladesh from the resource dependent and investment-driven framework to a broader socio-economic transformation. The 7th Five Year Plan (2016-2020) is not merely a blip on the development path but rather a sustainable occurrence chartering a new development trajectory (Government of Bangladesh, 2011).

### *2.2 Socio-Economic Background of China*

Since initiating market reforms in 1978, China has shifted from a centrally-planned to a market-based economy and has experienced rapid economic and social development. GDP growth has averaged nearly 10 percent a year—the fastest sustained expansion by a major economy in history—and has lifted more than 800 million people out of poverty. China achieved all the Millennium Development Goals (MDGs) by 2015 and made a major contribution to the achievement of the MDGs globally. Although China's GDP growth has gradually slowed since 2012, it is still impressive by current global standards (World Bank, 2017). China's 12th Five-Year Plan (2011-2015) and the newly approved 13th Five-Year Plan (2016-2020) forcefully address these issues. They highlight the development of services and measures to address environmental and social imbalances, setting targets to reduce pollution, to increase energy efficiency, to improve access to education and healthcare, and to expand social protection. The annual growth target in the 12th Five-Year Plan was 7 percent and the growth target in the 13th Five-Year Plan is 6.5 percent, reflecting the re-balancing of the economy and the focus on the quality of growth while still maintaining the objective of achieving a “moderately prosperous society” by 2020 (doubling GDP for 2010-2020) (World Bank, 2017).

### *3.3 Trade Relationship between Bangladesh and China*

Relationship between Bangladesh and China is deeply rooted in culture, history, demography and even business. Historically people from Bangladesh used to go to China for study, visit or business purposes. Bangladesh expected China to take part together in international business and both countries demonstrated a peaceful co-existence (Zhangwen and Hoque, 2017). As result, both countries are friendly to each other. It is estimated that China-Bangladesh trade will reach USD 25.00 billion in recent times and hopefully USD 30 billion by 2021. This huge volume is only 0.2% of China's total international trade. Bangladesh mainly exports garments, frozen fish, sea fish, jute, jute goods, leather and leather goods to China. In terms of imports, Bangladeshi imports machinery and equipment, electronics, electrical items, chemicals, iron, steel, textiles, foodstuffs, petroleum products, and cement from China.

In spite of the fact that trade accounts are incredibly skewed towards China due to its competitive advantage, often times the trade exchanges and contracts are regarded win-win for both nations. Other than that, it is worth saying that for a long time Bangladesh has been getting delicate advances and grants from the Chinese Government. For instance, to diminish the exchange dissimilarity, China has pulled back duty boundaries to 84 sorts of moment commodities from Bangladesh under the Asia-Pacific Free Trade Agreement (AFTA). China also proposed that around 7800 Bangladeshi products will be traded duty-free due to the friendly relationship existing between the two countries (Khan and Anwar, 2016).

Many Chinese businessmen are interested to invest in Bangladesh. Considering this point and the need to strengthen the people-to-people trade, Government of Bangladesh (GOB) has embarked on designation of separate economic Zone for Chinese investors. It is expected that China will move a few of its low-tech retiring fabricating bases into Bangladesh due to availability of cheap labor. It is anticipated that such developments will in long-run balance the bilateral trade between the two countries.

China is working with the relevant countries in developing the Silk Road Economic Belt and the 21st Century Maritime Silk Road. China will move faster to strengthen infrastructure connectivity with her neighbors, simplify customs clearance procedures, and build international logistics gateways. Bangladesh is an important country under the Belt and Road Initiative and along the route of the Bangladesh-China-India-Myanmar Economic Corridor (BCIM-EC). Bangladesh and China are trying to increase regional connection and both have demonstrated commitment to develop the Bangladesh-China-India-Myanmar Economic Corridor (BCIM-EC) illustrated in Figure 1. BCIM is a key part of One Belt One Road (OBOR) project in which China estimates to invest about 4 trillion US dollars (The Economist, 2016). Bangladesh is one of the member-countries in the project and expects to benefit a substantial proportion of the project's investment. This initiative obviously creates economic and financial interest for both Bangladesh and China including other members.

According to the 2107 Report from the Economic and Commercial Counselor's Office, Embassy of the People's Republic of China in Bangladesh, the total trade volume between Bangladesh and China has been 15.17 Billion USD, 14.707 Billion USD, 12.546 Billion USD, 10.308 Billion USD, 8.45 Billion USD in 2016, 2015, 2014, 2013 and 2012 respectively. Since 2013, the trading volume between the two countries has persistently exceeded

10 billion USD. In addition, China has pledged to make her interior and border areas more open to the outside world, promote the innovation-driven development of economic and technological development zones, and upgrade both border and cross-border economic cooperation areas (Lan, 2018).



Figure 1. Bangladesh-China-India-Myanmar economic corridor

### 3. Culture of Bangladesh and China

#### 3.1 Culture of Bangladesh

Bangladesh straddles the Bay of Bengal in south Asia and is surrounded by India in three sides. Bangla speaking people in Bangladesh are influenced by culture and religion. In mediaeval period Islamic culture was transferred into this region by business people from the Middle East. Human value, habit, behavior, business style structures were shaped and reshaped in that time. In the 18<sup>th</sup> Century, the East India Company-the British captured the reign of the subcontinent. Since British imperialism existed for about 200 years in this subcontinent, western and eastern culture and behavior approaches mixes with each other. As result, this cultural-mix influences ways of business practice and negotiation. Considering the cultural diversity, for one to successfully run a business with Bangladeshi business people, he needs to analyze and review the Bangladeshi cultural dimensions and their impacts in negotiations. Bangladeshi people are family oriented and maintain kinship. Marriage, domestic unity and inheritance are basic dimension of the culture (Glassie, 1997). Infant care as well as parents' care goes together in a society where daily social life is greatly influenced by culture.

#### 3.2 Culture of China

China is enriched with the world's oldest cultures, even it has a history of thousand years. The Eastern Asia covers a large territory where people's customs, traditions greatly vary between two regions. These cultural differences are dominant two states, metropolitans, provinces, and even in districts. China is one of the ancient civilizations in the world, and whose culture is greatly diverse, dispersed and varying. Traditions, etiquette, philosophy, virtue and family norms have a prominent and influential effect on Chinese behavior, even on business behavior. Having the World's largest national population, Chinese culture is deemed the most puissant and fastest spreading culture in East Asia historically. Chinese history, politics, religion, business etiquette, philosophy, visual arts, cuisine, martial arts, literature, dance, music, architecture, ceramics, and language have a strong and effective impact in the world. Chinese festivals, cultural events, ceremonies are installed, practiced, and celebrated in Asia and other parts of the world. According to Liang Qichao (1990), China is one of the four ancient civilizations, others are Babylon, India and Egypt. It boasts a vast and varied geographic expanse, 3,600 years of written history, as well as a rich and profound culture. Chinese culture is diverse and unique, yet harmoniously blended — an invaluable asset to the world.

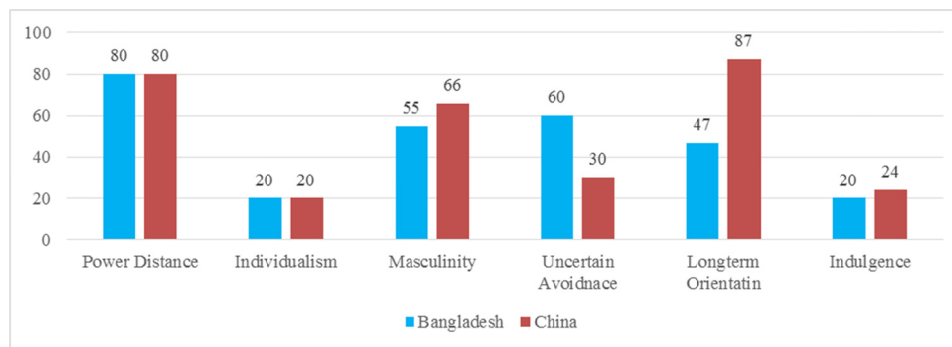
#### 3.3 The Hofstede's Cultural Dimensions for Bangladesh and China

Peleckis (2013) illustrates that 47 cultural dimension might affect business negotiation process. These cultural dimensions are sufficiently investigated in details in Hofstede's cultural theory dimensions. This section presents the Bangladeshi and Chinese cultural dimensions through the lens of Hofstede's cultural dimensions theory (Hofstede, 2011). Similarly, according to Peleckis (2013), the Hofstede's cultural dimensions are used as a tool to measure the influence of dimensions of culture in negotiations. The Hofstede's cultural dimensions theory consist of six dimensions as described below:

### 3.3.1 Power Distance

This dimension deals with the fact that all individuals in societies are not equal. It expresses the attitude of the culture towards these inequalities amongst us. Power distance 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. In a society where the power distance is larger, the negotiation might have to be concluded by the higher authority (Hofstede, 2011).

Bangladesh and China have medium-high score on this dimension (score of 80). This score implies that Bangladeshi and Chinese negotiators from different hierarchical cultures or group are reluctant to accept negotiations apart from their own similar groups and have an easy and relax in hierarchal structures. It also has authoritative power and discretion authority. Both Bangladeshi and Chinese individuals accept hierarchical order in society and organization. Most often, the requirement to take approval from hierarchical superiors leads into relatively longer and slow business processes.



Source: Hofstede insights (2018).

### 3.3.2 Individualism

The fundamental issue addressed by this dimension is the degree of interdependence a society maintains among its members. It has to do with whether people's self-image is defined in terms of "I" or "We". In individualism societies people are supposed to look after themselves and their family only. In collectivism societies, people belong to 'in groups' that take care of them in exchange for loyalty. In a collectivism society, a negotiator gets more scope to play more important roles in the negotiation process in comparison to in an individual society (Hofstede, 2011).

Bangladesh and China, with the same score of 20 are considered a collectivism society (Hofstede, 2018). Any business decision made collectively by the people will be accepted quickly and appreciated. And the singly made decision will be treated as distrust among the society.

### 3.3.3 Masculinity

If this dimension has a high score for any society, it means masculinity is the dominant dimension in a particular society. This masculinity dimension depicts that competition, success, achievement drives the society. This success is assumed by the winners. And this value system begins in children's mind from schools or their early life. As result children become competitive and desperate to reach and grab them. On the other hand, if the score is lower in number it suggests a feminine society where a particular society is more tolerant and caring. It also starts from primary education or family learning. Negotiation between two masculine groups is more competitive whereas negotiation between two famine cultures become mild and have better rate to succeed (Hofstede, 2011).

Bangladesh scores 55 on this dimension and can be considered a masculine society (Hofstede, 2018). In this context, business negotiators in Bangladesh are very much conscious about their success to complete a business deal impersonally, competitively and rationally. In masculinity, China scores 66 and is also a masculine society but is stronger than Bangladesh's society.

### 3.3.4 Uncertainty Avoidance

Uncertainty avoidance dimension suggests that the future is uncertain and unknown. Society deals with the fact that an uncertain future or unknown event to come must be kept in consideration in all plans. Here the question arises whether the future is to be controlled or let it go. This ambivalence creates uncertainty and strain in people. People from different culture and groups deal with this unknown and anxiety in their own way which they might

have learned from society or family. The extent to which people from a subculture group take this anxiety or ambiguity and shape a belief is expressed by the score of uncertainty avoidance. A group with a high score in this dimension avoid to take risks and anxiety coming from some unknown future events. Negotiators from an uncertainty avoiding culture prefer more structured and ritualistic approach when negotiating (Hofstede, 2011).

Bangladesh scores 60 on this dimension and thus has a high score. Bangladeshi negotiators maintain rigid codes of belief and behavior and are intolerant of unorthodox behavior and ideas while negotiating. Written documentation, security, and formality are very important in business deals. It is also characterized slow decision-making whose aim is to safeguard all interests in a particular deal. In contrast, the Chinese with a score of 30 are not rigid enough to their belief and much more tolerant to unorthodox behavior. Chinese people are adaptable and entrepreneurial.

### 3.3.5 Long-term Orientation

This dimension states the way how and what range a society connect its past, present, and future. It is very hard to match or prioritize existing present with past and future. Societies deal with this challenge differently. This dimension classifies the society as either normative or pragmatic. A Normative society chooses to maintain time-honored customs and norms. This society dislikes to bring changes or to be changed. People belonging to a normative society are suspicious with change and consider it as bad for a society. If long-term orientation has lower score a society will be treated as normative one. On the other hand, a pragmatic society incorporates and adapts change. People belonging to a pragmatic society inspire for higher education, technological development, and a paradigm shift of doing things. This entails that people from a pragmatic society are future oriented. A culture that has a higher long-term orientation incorporates its values more when negotiators want a long-term relation with business counterparts (Hofstede, 2018).

Bangladesh has an intermediate score of 47. This does not indicate a strong preference in either direction. To the contrast, Chinese, having a score of 87, are strongly attached to long-term orientation in a business relationship. They desire a long-term business relationship while they negotiate.

### 3.3.6 Indulgence

Indulgence is “the degree to which children are socialized”. It is a great challenge how children are brought up and have a platform to learn from family and the society. A child cannot be a “human” if s/he is not properly socialized or civilized. A child learns every day and every moment. A society must have a social filter which will differ good from bad. This cultural dimension means “the extent to which people in society try to control their desires, greed, and negative impulse (beast in their mind)”. This depends on how children are brought up in a society. Indulgence and restraint are the two sides of this dimension. Relatively weak control (low score) is called “indulgence” and relatively strong control (high score) is called “restraint”. Therefore, cultures can be described as either indulgent or restrained.

Bangladesh has a very low indulgence score of 20. This makes it a restrained country. Bangladeshi negotiators are restrained in business deals and maintain a certain distance from their counterparts. Similarly, China having score of 24 is also restrained society and maintains a certain distance while they negotiate a business deal.

## 4. Theoretical Framework and Hypothesis Development

China as populated country is occupied by people of a diverse background, scattered over large territories where they live and thrive in various cultures (Chang, 2006). Similarly, Bangladesh is also a country of diverse population whereby people of different cultural background coexist in a same territory (Chang, 2012).

Blake and Mouton (1985) established the dual concern model based on magnitudes: single concern issue and third-party concern. The style of negotiation may be explained in five natures in model: competition, accommodation, withdrawal, collaboration, and compromise.

Competition	Accommodation	Withdrawal	Collaboration	Compromise
Assertive	Unassertive	Unassertive	Assertive	Moderately Assertive
Uncooperative	Cooperative	Uncooperative	Cooperative	Cooperative

### 4.1 Competition

Competition style is “assertive and uncooperative”. A competitive business person pursues his own interests at the expense of his counterpart, and that is called competition style. An individual with competitive traits only

concentrate on his own interests disregarding other people's interests and does not care about other people's expectations because all he wants is to win at any cost. This style is power-oriented approach. A business person with competitive approach is desperate to win the position and takes every measure to achieve the goal.

#### 4.2 Accommodation

Accommodation is "unassertive and cooperative". It is completely opposite to competition. If a business person is accommodating, s/he avoids his/her own issues to satisfy the issues of the counterpart. It is a self-sacrifice mode. In accommodating negotiation style, a person obeys other people's preference when the individual would prefer not to, or yielding to other's point of view.

#### 4.3 Withdrawal

Withdrawal is "unassertive and uncooperative". If a person is neither interested in his/her own issues nor those of the counterpart, s/he is said to be "withdrawing". Therefore, this individual refrains from possible "conflict". Rather s/he seeks comfortability or ease where there is neither financial nor social threat in any dealing. S/he avoids risky situations. Withdrawal takes "the form of diplomatically sidestepping an issue", "postponing an issue until a better time or simply withdrawing completely from a threatening situation".

#### 4.4 Collaboration

Collaboration is surprisingly both "assertive and cooperative". Collaboration is the complete opposite of "withdrawal" style. Collaboration is an attempt to find a better solution in which both parties have satisfaction and win-win situation. It deals with the issue to specify the demand of the both persons. Collaboration between two individual takes "the form of exploring a disagreement to learn from each other's insights or trying to find a creative solution to an interpersonal problem". This style opens an window where both parties arrive at a mutual goal and negotiation for their betterment.

#### 4.5 Compromise

Compromise is "focusing on a person's low confidence and high amount of cooperation". The aim of "compromise" is positive result. It is a "strategy between accommodating and competing". In this style, two individuals concentrate on tranquil, calm co-existence. The output of this negotiation style is "win-mixed-with-lose situation".

Five research hypotheses were proposed for this research based on the model described above. The hypotheses are as follow:

*H1: There is a significant difference between Bangladeshi and Chinese business executive's accommodation negotiation style.*

*H2: There is a significant difference between Bangladeshi and Chinese business executive's collaboration negotiation style.*

*H3: There is a significant difference between Bangladeshi and Chinese business executive's competition negotiation style.*

*H4: There is a significant difference between Bangladeshi and Chinese business executives compromise negotiation style.*

*H5: There is a significant difference between Bangladeshi and Chinese business executive's withdrawal negotiation style.*

### 5. Research Methodology

This study collected data from 90 respondents who work in different organizations i.e. RMG & Knitting, Telecommunications, Power & Energy, Hotel & Restaurant, Transport & Communication, Foods & Beverage, Constructions sectors in Bangladesh. About 50 respondents were Bangladeshi business people and 40 were Chinese people residing in Bangladesh. They were business executives who have experience in international trade. About 20% respondents were female. These respondents are selected in judgmental and convenient way. This study used a structured questionnaire. This questionnaire was divided into three parts. Part one consists of organizational information and experience of the respondent such as number of dealing countries, number of business dealing, meeting place, meeting time, etc. Part two has questions which are based on negotiation style (i.g. competition, accommodation, withdrawal, collaboration, and compromise) in 5-point Likert scale. Part three was developed for demographic information of participants i.e. gender, age, education, special skill, their industry, position etc. Data were analyzed using the SPSS software.

## 6. Findings of the Study

### 6.1 Demographic Information

The findings show that almost every business executive of these two countries has dealt with international business. It proves that both countries are apt to negotiate with other countries. Figure 2 shows that respondents have experience in dealing with business executives of different countries in their respective businesses. Figure-2 also depicts that most respondents from Bangladesh and China have business deals with at least one country.

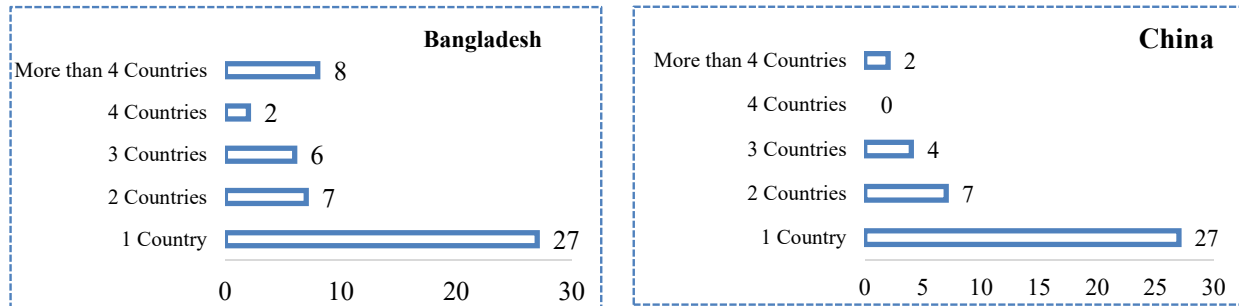


Figure 2. Number of dealing countries

Figure 3 shows that all executives have dealt with a foreign business. In this case Chinese executives are more efficient in foreign dealing.

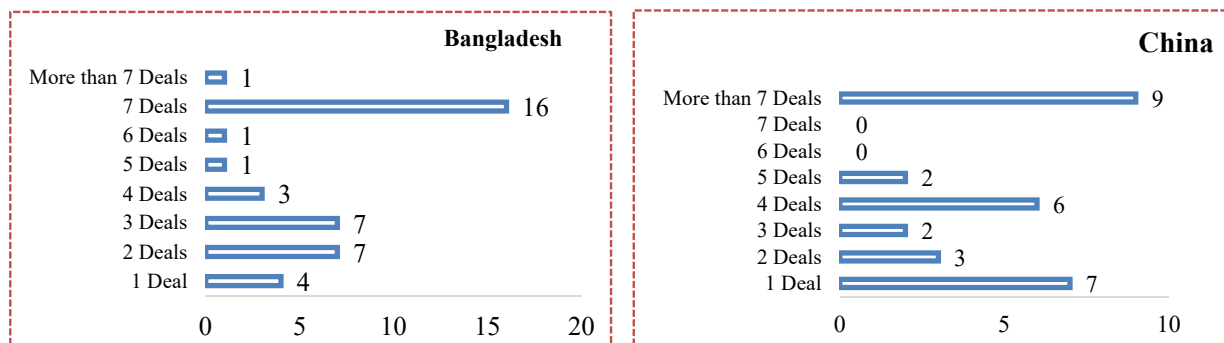


Figure 3. Number of Foreign Business deals

Executives from both countries consider a meeting place as a very important factor for a successful negotiation. In this case, both prefer to arrange a business meeting in respective home countries. About 78% of Bangladeshi respondents and 80% of Chinese respondents prefer home country for business meeting (Figure 4). This implies that both countries' executives are very concerned about comfort zone. Opting for a home country as a meeting place provides some benefits. It exposes home-made products or service to foreign business executives and introduces home country to foreign business counterparts. It opens a wide scope to display a country's culture, heritage and historical evidence which, in the long-run, help to build a strong and sustainable business relationship.

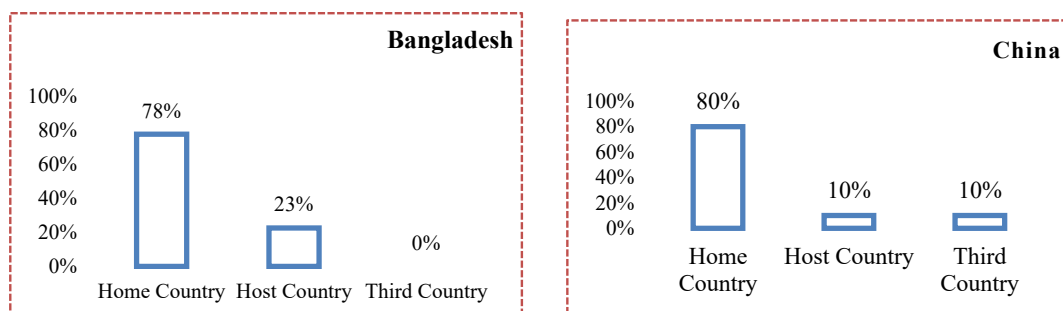


Figure 4. Preferred Country for Meeting



Meeting time is very important in business arena because everyone is required to maintain a business schedule. Bangladeshi business executives prefer to attend business meetings in the morning and afternoon whereas Chinese prefer to attend a meeting in the morning (Figure-5).

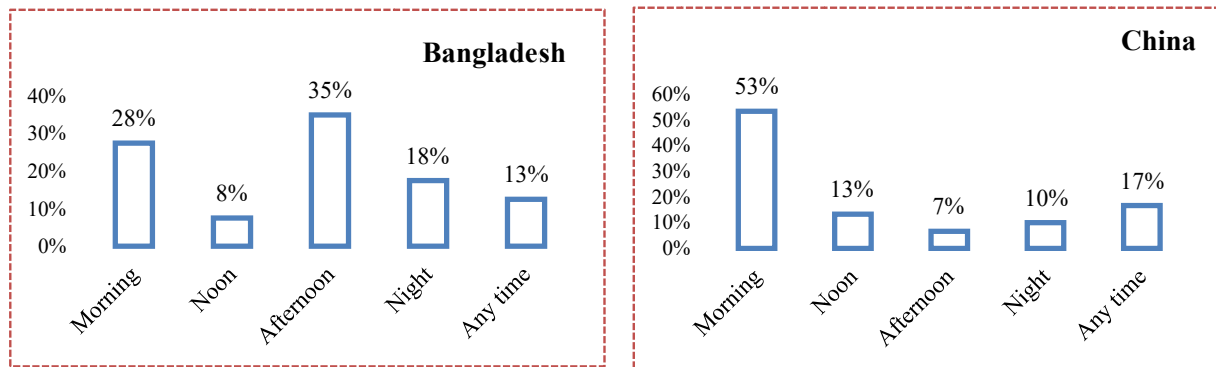


Figure 5. Preferable meeting time

Focus on motivations behind close ties between the two countries suggest that about 88% of the Chinese respondents showed the interest to do business for “One Belt One Road Initiative” policy (Figure 6). About 83% and 72% of the Chinese respondents are involved in Chinese-Bangladesh bilateral business for “Company strategy” and “Good Sino relationship between two countries. But this scenario is totally different in case of Bangladeshi business executives, who consider personal development, potential business opportunities, history and cultural factors when conducting business with their Chinese counterparts. These factors are 82%, 79%, and 75% in their consideration.

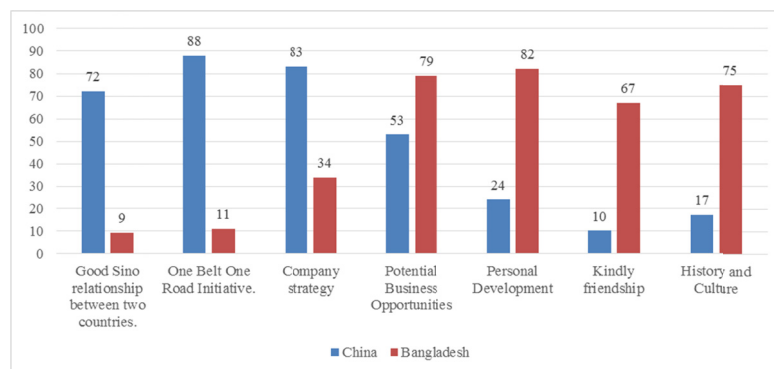


Figure 6. Factors Motivating Bilateral Business (Multiple Response)

6.2. Reliability Analysis

Reliability analysis was conducted to ensure the reliability of the data before testing the hypotheses. To test reliability of data, Cronbach’s Alpha ( $\alpha$ ) and Composite Reliability (CR) are used. The CR and Cronbach’s alpha values of 0.70 or more are acceptable (Cronbach, 1951). If the value of Cronbach’s Alpha ( $\alpha$ ) and CR is 0.7 or above, it indicates items are reliable and internal consistency is also considered better and/or acceptable. Table 1 shows that for this study, the calculated Cronbach’s alpha ( $\alpha$ ) and CR values are greater than acceptable value of 0.70, implying strong internal reliability (Götz et al., 2010).

Table 1. Cronbach’s alpha and composite reliability (CR) for each type of negotiations

Negotiation Style	Cronbach's Alpha	Composite Reliability
Accommodation	0.964	0.974
Collaboration	0.973	0.977
Competition	0.973	0.978
Compromise	0.948	0.962
Withdrawal	0.985	0.987

### 6.3 Testing Hypotheses

Hypotheses have been tested to get an understanding of whether Bangladeshi and Chinese business executives are significantly different in terms of negotiation style as a result of culture. This significant difference is measured by paired *t*-test for each negotiation style. Mean is hereby calculated mean of respondents' answers carrying values of each factor i.e. accommodation, collaboration. And Standard Deviation (*SD*) is a result of deviation from the calculated mean in each category of negotiation style. A *p*-value indicates the significance of the test at 95% confidence level whether the hypothesis is supported. If a *p*-value is less than 0.05, the hypothesis test is statistically significant. In case of *t*-value, positive value indicates that first pair data (Bangladeshis) is much more significant than the second pair (Chinese) and negative value indicates that second pair is much more significant over first pair respectively. Table 2 summarizes the descriptive statistics and results of *t*-test for Bangladeshis and Chinese.

Table 2. Cultural differences in terms of negotiation style

	Bangladesh (n=50)		China (n=40)		<i>t</i>	<i>P</i>
	Mean	SD	Mean	SD		
<b>Accommodation</b>	2.9559	1.7512	3.3000	2.0269	-2.0806	0.0191
<b>Collaboration</b>	3.6906	1.4933	3.6820	1.1590	0.0883	0.4648
<b>Competition</b>	3.2250	1.6981	2.9553	1.7508	2.0772	0.0192
<b>Compromise</b>	3.7375	1.289 2	3.6891	1.3517	0.3475	0.3642
<b>Withdrawal</b>	2.9425	1.4879	3.1571	1.6168	-2.2029	0.0140

In accommodation style category, there exist a statistically significant difference in culture of the two countries – Bangladesh and China. Results of the test show that  $t = -2.0806$  and  $p < .05$  that means H1 is supported, which indicates that the Chinese business executives lean much more to accommodating than do the Bangladeshi executives. The Chinese are more likely to be concerned with requirements of their counterparts. In case of collaboration, the cultural difference is statistically non-significant ( $t = 0.0883$ ,  $p > .05$ ) which suggests that H2 is not supported or accepted. It denotes that both executives' groups represent their cultures. They are cooperative and helpful to each other. They are reliant on reasoning. In case of a negotiation, they show their collaboration mentality.

Analysis of competition, it is found that there is a statistically significant cultural difference. Results of the test shows that  $t = 2.0772$ ,  $p < 0.05$  which suggests that H3 is accepted. It illustrates that the Bangladeshi executives lean more towards competition and possibly deal more consciously with opponents. In relevance with accommodation style, Chinese like to comply with their counterparts' demands and are naturally less competitive in negotiations. Bangladeshis are more competitive in their business dealing. The cultural difference in case of compromise is statistically non-significant ( $t = 0.3475$ ,  $p > .05$ ). From this result it proves that H4 is rejected. It implies both groups demonstrate a similar reaction to consult with other people in their negotiations. Compromise style is common to these parties in both "interpersonal and work-related conflict" in business negotiation. And this result supports the proposition negotiation is "the art of compromising". Both of them favor to take suggestions from third party. It may be because of having, to some extent, similarity in their social and cultural maturity.

From the findings of the study, there exist a statistically significant cultural difference ( $t = -2.2029$ ,  $p < .05$ ) in case of withdrawal style which suggests that H5 is supported. It implies that the Chinese executives lean more towards withdrawal than do their Bangladeshi counterparts. The result is similar to those of accommodation. The Chinese lean much to complying with their counterparts' issues and they also disregard them diplomatically. It indicates that the Chinese are more likely to be passive in negotiations.

## 7. Implications

The negotiation styles for both countries' executives hopefully are different and affected by their respective culture. In this study it was attempted to show the impact of culture on Negotiation Styles between Bangladeshi and Chinese business executives.

### 7.1 Managerial Implication: Bangladeshi Context

In Bangladesh, business decisions stem from higher and senior management and subordinates are expected to accept and act on such decisions. They deal with any business or negotiate collectively or in a group manner

though decisions that come from the top management. They are conscious about their business activities, decisions and counterparts. Bangladeshi executives and business people just like their Chinese counterparts believe in social class and hierarchy.

#### 7.1.1 Composite Culture

The culture of Bangladesh has assimilated over centuries. The Bangladeshi culture combines traditions from Mongol/Mughul, Dravidian, Indian, Pakistani, Arab, Persian, Turkic and Western Europe culture. Bangladeshi culture is somewhat similar to Indian and Pakistani culture due to their common historical and religion bindings.

#### 7.1.2 Group Orientation

In Bangladesh, people focus on the needs of society rather than their own individual needs. They are highly family-oriented, affiliated to society and give priority to religious activities. Religion is pretty openly practiced. This cultural spectrum influence business and business negotiations. Business executives from other countries should honor their family, and prioritize religion when they enter into negotiations with Bangladeshis.

#### 7.1.3 Hospitality

Bangladeshi business executives have welcome attitude towards their foreign counterparts, are open and hospitable.

#### 7.1.4 Short Term Orientation

Although a long-term business relationship is required for successful negotiations and business, most of the business executives in Bangladesh have a short-term orientation. Culturally, they are not highly interested in long-term relationships rather they prioritize business interests over anything else. They expect short-term gain and they are not willing to wait for a long time to get results (Abdullah et al., 2011).

#### 7.1.5 Information Sharing

Top business executives in Bangladesh are reluctant to share critical information with subordinates and their counterparts in negotiation processes. They are not interested to make friendship with their counterparts except business deals.

#### 7.1.6 Risk Aversion

Culturally, Bangladeshi business executives are not risk-takers, instead they avoid risks. They are more vigilant on uncertainly, so they are assertive in competition and mind-setting when conducting business meetings.

#### 7.1.7 Punctuality

Punctuality is the heart of successful business. However, most of the Bangladeshi people are not concerned about punctuality. Even an hour late is an acceptable norm that does not require an apology. Most formal meeting times are considered to be flexible, even if an exact time is given.

### 7.2 Managerial Implication: Chinese Context

Chinese business people maintain hierarchical differences among themselves. In business dealing with Chinese counterparts, it is necessary to be in contact with senior management. They like to do business and make decision collectively, impersonally and rationally. They love to maintain long-term relationship. Therefore, they try to satisfy the counterpart's demand and issues ignoring even their own interest. They often concentrate on bilateral relationship, for example, the "one belt one road" strategy and business policy or strategy. Chinese history, culture, etiquette, technological development, government's investment and business policy are favorable. Chinese business people capitalize and exploit these factors and options.

#### 7.2.1 Friendship (Guān xi) Building

It is said "No matter how the business goes, our friendship lasts for long". Chinese people think highly about friendship-building during business negotiations. Personnel friendship-building at the beginning of negotiation is crucial to all foreign counterparts.

#### 7.2.2 Trust/Honest Enhancing

For Chinese managers, though their style varies and often consist of different styles together, trust is the ultimate aspect of their negotiation (Fang, 2006). Mutual trust is an essential element to Chinese negotiators, which they use to guide them to take proper measures with their counterparts during the negotiation process. Business executives should be aware of this attribute when they intend to negotiate with Chinese business executive.

### 7.2.3 Long Term Orientation

Social relations in terms of business cooperation mean a long-term relationship and relation maintenance to the Chinese (Pye, 1992). Such an orientation is part of their professional training (Zhao, 2000). Chinese interviewees view the signing of a contract as the beginning of a long term business relationship and probably an interpersonal friendship (Vivian et al., 2003).

### 7.2.4 Face (or Miàn zi)

Chinese negotiator would have concerns both for self-face and other-face (relational concerns also being a feature of polychronic cultures). Because the Chinese are concerned with face, they often look for ways to avoid saying “no” directly (Li & Labig, 2001). This behavior could be traced from ancient Chinese culture of six values: moral cultivation, importance of interpersonal relationships (concept of trust, *guanxi*, *renqing*, and *li*), family orientation, respect for age and hierarchy, avoidance of conflict and for harmony, and concept of face.

### 7.2.5 Interpreter

Chinese delegation to negotiations always consists of a decision maker who is automatically a leader (*lǐng dǎo*) of the delegation, professional engineers-technical negotiator, commercial manager-responsible for the negotiation, interpreter/translator-language communication, and secretary/assistant-for administration or negotiation service. Language is regarded as the bridge for communication, therefore, Chinese negotiators are serious towards the need of having an interpreter or translator. Business executive should find an interpreter when they intend to negotiate with Chinese business executives.

### 7.2.6 Cuisine Culture

People must think of Chinese food when they mention China worldwide. It is a general practice that Chinese counterparts will have an official food banquet after the end of any negotiation session. The banquet offers a good chance for negotiators to engage the senior management from the company or even from government. The banquet table is also another platform for negotiations and for building and elevating the friendship and trust.

### 7.2.7 Diversified Subcultures

There are at least fifty six distinct regional subcultures in China that define motivational and performance differences. To this extent, potential negotiators also should also take into consideration this cultural diversity in any analysis of the role of culture in negotiation processes.

## 8. Limitations and Future Research Directions

The study has some limitations, firstly, we surveyed only Dhaka, capital city of Bangladesh which may raise concern about the generalizability of the findings. Secondly, the sample size is not so large and the analysis is only based on quantitative research method. Thirdly, the study adopted cross-sectional design. The cross-sectional study represents a proportion of time and does not show change over time. Therefore, the study only provides a narrow scope in the complex world of international business. This study used convenience sampling method as a sampling technique, as such the sample may not be a representative of the entire population and results may be biased.

In order to address the limitations identified above, potential future study could expand the scope to a larger sample size which should include the respondents outside of Dhaka. Another future extension of this study could adopt both quantitative and qualitative approach for a deeper understanding of the role of culture in business negotiations. Further study could use longitudinal data to unfold the causal relationship among variables over time.

## 9. Conclusion

Both China and Bangladesh are now striving for their national dreams. On one hand, these developments will be in the better interest of uniting and encouraging the Chinese people in the struggle for realizing the Chinese dream - the great rejuvenation of the Chinese nation. On the other hand, Bangladesh developments will be for realizing the Golden Bangladesh Dream - to be the center of the Asian region. Both China and Bangladesh are trying to bring themselves closer to achieving their respective dreams. The trade volume between China and Bangladesh continues to increase and China's structural shift rectifies the Sino-Bangladesh trade relationship. The developments would create a great amount of cultural exchange and opportunities for research in culture to both countries. Many cultural programmes such as setting up Confucius Institutes in Bangladesh, training of Bangladeshi technicians in China, granting of scholarship to Bangladeshi students, organizing cultural seminars etc. have being put into practice. The cultural diversity is very important in international business and cross-cultural negotiations. Cross-cultural negotiation research will be promoted along with the booming of trade

and cultural exchange. This study examined how negotiation styles influence business and the impact of culture on negotiation styles. The findings of this study will trigger new research interests among cross-cultural researchers especially cultural-relations between Bangladesh and China.

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