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**The influence of national culture to negotiating  
style**

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Viðskiptafræðideild

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**HÁSKÓLI ÍSLANDS**

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Lokaverkefni til BS-gráðu í viðskiptafræði

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## **Foreword**

This thesis was written as a Bachelor's degree (BS) thesis in Business Administration and Management at the University of Iceland and is considered to be 12 (ECTS) credits. My supervisor was Svala Guðmúsdóttir who is an adjunct in Business Administration at University of Iceland. I want to thank my supervisor for her cooperation and advices while writing this thesis. I also want to thank my sister, Darija, for her valuable advices and help and most of all for her motivational support.

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## **Executive summary**

The purpose of this essay is to explain how the elements of national culture of any given country can shape the behavior and the process of negotiation in an international setting. However, this thesis does not claim that the culture is a single influential factor. It is only one of many other factors that have an effect on a negotiating behavior. Although, one will not be mistaken to say that cultural identity of any country has an influence on negotiation approach and style. To better understand the cultural differences three countries were chosen for comparison (United States, China and France) from three different continents. Also the analysis was made to show how the differences in their national cultures reflect on their negotiation styles and behavior.

This thesis was based on previous studies and research made on the chosen countries, including Geert Hofstede's findings on cultural dimensions such as masculinity versus femininity, power distance, uncertainty avoidance, individualism versus collectivism and short-term and long-term time orientation. Other cultural dimensions were analyzed that have significant importance to cross cultural negotiations including Edward Hall's monochronic versus polychronic time dimension and high in comparison with low context communication. Moreover, ten negotiation elements identified by Professor Jeswald Salacuse that can be influenced by cultural aspects were described. Some of those negotiating elements include: the goal of negotiation, negotiating attitude, personal style, communication style, time sensitivity, emotionalism, agreement form and etc. It is important to underline that some of these elements are influenced more than others by the national culture. On top of all this, the cultural roots of every country were described, to explain how some of the cultural dimensions originated. For instance, a collectivism of China was formed by agricultural life style and individualism of the United States originated from the fact that every newcomer had to survive on its own since there was an endless flow of immigrants from all over the world. In the end of this thesis, the results of the comparison between the three cultures are presented and the limitations of the essay discussed.

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# **1 Introduction**

Negotiations, international negotiations, cross cultural negotiations are the topics of today that receive a lot of attention. The headlines called “How to negotiate with Asians” or “How to be successful at negotiating table” and similar can be seen in many articles. Even though negotiation seems to be a simple act of getting what you want from others that we experience in our daily life, it gets more and more complex when the discussion shifts to international negotiating process (Fisher, Ury, & Patton, 1991). When two or more countries meet to negotiate a deal, the aftermath can result into a long lasting relationship or it can also turn into a harmful conflict. For such reasons, it is important to know by what and how the negotiating process is influenced. If negotiation between different countries is considered, it can instantly be said that the national culture is definitely one of the influential forces (Gelfand & Brett, 2004). The differences at negotiation table start with misunderstandings of the form of communication, the different views of what is right and wrong and even the procedures of conducting the process of negotiation (Horst, 2007). Culture is what makes one country to be different from another with its elements of tradition, customs, language, behavior and etc. In other words, culture is a powerful tool in shaping how people communicate, think, behave and therefore negotiate (Horst, 2007).

The research question of this thesis is: which cultural elements have an impact on negotiation process and its style? This thesis aims to explain how differences in cultural values can affect the way people from different countries behave in international negotiations. Moreover, three countries: China, United States and France are analyzed in reference to G. Hofstede’s and E. Hall’s cultural dimensions in order to show the differences in cultures and subsequently the negotiation styles of each country are presented.

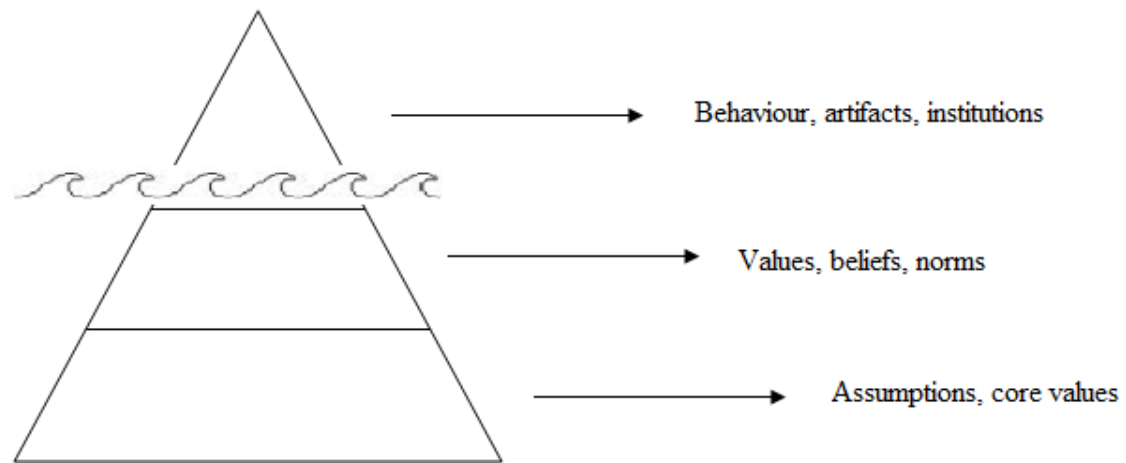


## 2 Negotiation

Negotiating is very common in everyday life. It can happen among individuals; individuals and organizations; two or more organizations and among several countries. On the individual level, people can experience negotiation process and test their negotiating skills while being at the meeting for a new job offer, or when children are trying to get something they want from their parents, buying a new house or renting an apartment are all examples of negotiating. On the organizational level, it occurs when two organizations are trying to make a new deal while working together the same way as two or more countries can be discussing particular plan or project and developing working relationships. As it is said in the book called *Getting to Yes* (Fisher, Ury, & Patton, 1991) "like it or not, you are a negotiator" (p. xvii). There are many definitions of what negotiation is, defined by different scholars. To give an example, some of the definitions are presented in this thesis. According to Kreitner (2007) the definition of negotiation is a "decision making process among interdependent parties who do not share the identical preferences" (p. 488). Fisher, Ury and Paton in their book *Getting to Yes* (1991) came up with a different definition. They said that negotiation is a "back and forth communication designed to reach an agreement when you and the other side have some interests that are shared and others that are opposed" (p. xvii). Negotiation is also a way of making decisions. People want to participate in those decisions that affect them whether it is in the company, government or the family. Some of the people are good at negotiations, some are less so effective. Even though everyone can negotiate, not everyone will find it an easy task (Thompson, 2008). There are many factors that influence negotiation process. Some people might be better at it because of their personality traits. Some of them can be trained in school. Besides these factors there are several less so apparent. People might not realize that the way they negotiate is deeply rooted in their culture which was the result of long passage of time.

### 3 Culture

Before talking about the impact of culture to negotiation it is important, first of all, to understand what the concept of culture means. The definition of culture, according to Thompson (2012), is the “unique character of a social group; the values and norms that are shared by its members set it apart from other social groups” (p. 273). However, there are other definitions of culture such as: “culture is a product that reveals itself in social behaviors like beliefs, ideas, language, customs and rules” (Horst, 2007, p. 3). It is necessary to mention that people tend to stereotype other cultures. Stereotype is the faulty belief that all the people from the same culture are alike (Thompson, 2012). When thinking about cultural values and behavior it should always be taken into account that people differ in their personality traits. Another important note is that culture is not stable. It can evolve and change over time and what was written about one culture ten years ago, might be no longer valid for that particular country. In terms of visual graphics, culture can be modeled as an iceberg. To explain it the model of French and Bell (1923) is presented below. Usually one-ninth of an iceberg can be seen; the rest is hidden or submerged. The visible part of iceberg (culture) is the behaviors, artifacts, and institutions that characterize the culture. This part can be visible to any casual observer. This part also includes traditions, customs and habits. The behavior and artifact of the visible layer is the expression of deeper held values, beliefs, attitudes and norms. The deepest layer of the iceberg is the assumptions and core values that are learned in each culture (Thompson, 2012).



**Picture 1. Culture as an Iceberg (Thompson, 2012, p. 274)**

Nevertheless, cultural differences can be best understood not from reading the books or definitions of it in scholarly articles but by interacting with people from different countries. In this way, the cultural values of anyone come to light. It is much easier to notice them when there is something to compare it to.

### **3.1 The impact of culture**

As it was mentioned before, there are many factors that can affect negotiation process or the behavior of negotiators such as individual temperament and background, motivation, gender, organizational culture and more (Boughton, 2009). However, the culture is one of those influential actors that have a big impact on international negotiations. For example, the manager from the United States meets a member of a Chinese company for the first time and they sit together to negotiate a deal, they do not share the same set of values, assumptions and information and they cannot interpret each other's statements and intentions in the same way. Not unlike two people from different cities of the same country would meet and they would rely on the same cultural background to interpreted each other's actions and statements.

Cultural differences can cause several types of problems in international negotiations including the language, non-verbal behaviors, decision making process and values (Boughton, 2009).

The first problem is the language barrier. Everyone in the negotiation process has to find a solution, either to find a common language that both parties can speak or hire the

interpreter. Sometimes, even speaking in the second language can be an obstacle for negotiating members if they are not fluent in it. For example, if all participants in the negotiation process speak English, which is not their native language, they can find it difficult to understand each other (Boughton, 2009). The second problem is non-verbal communication. Quite often people feel confused because of the non-verbal signals sent by someone from another culture. It is very easy to misinterpret the facial expression or the body language. For example, Japanese people nod their heads not when they agree with someone or understand, but for them it is the way of saying "I am listening" (Martin & Nakayama, 2011). If the American or Chinese or any other negotiator is not accustomed to this sign it can result in pure confusion. The third problem lies in values. There is a difference between the cultures in how for example they manage their time. People in some cultures do not perceive time as binding as in other cultures, where being late can be frustrating in one culture, but at the same time a norm in another culture. Last but not least are the differences in decision making process and thinking. For example, in Western cultures negotiators tend to discuss each topic at a time, however, the negotiators from the East find it easier to discuss all the issues at once (Boughton, 2009).

### **3.2 Ten factors of negotiation**

Besides the four big issues discussed above there are other ten negotiation factors identified by scholar Jeswald Salacuse that are influenced by national culture. The ten factors include:

#### **1. Negotiation goals (contract or relationship)**

Different cultures could see the purpose of business negotiations or any other kind of negotiations differently. People from some countries think that the most important thing is to sign a written contract between the parties which works as a starting point in their relationship and sets grounds for the future interaction. People from other cultures (mostly Asian) see the main purpose of the negotiation to be the creation of the relationship between two parties, not the signing of the contract (Salacuse, 1988).

#### **2. Attitudes to negotiation process (win/lose or win/win)**

Another factor influenced by culture is that people see negotiation process where both sides can end up gaining (win-win) or they see it as a struggle in which one side wins

and another side loses (win-lose). Win-win negotiators view deal making process as a collaborative and problem-solving and win-lose negotiators see it as confrontational (Salacuse, 1988).

### **3. Personal styles (formal or informal)**

Personal style is a method that negotiator uses to communicate with his counterpart at the negotiating table. An individual in whose culture a formal style prevails, likes to address his counterparts by their titles, avoids private jokes, and restrains from asking questions regarding personal or family life of people on the other side of the negotiation table. On the other hand, the negotiator with an informal communication style has a tendency to start the discussion on a first-name basis and uses considerable amount of positive humor to make the environment more pleasant. He also tries to develop a personal, friendly relationship with the other group. It should be kept in mind that the degree of formal and informal communication varies significantly among different cultures (Salacuse, 1988).

### **4. Styles of communication (direct or indirect)**

Some cultural groups choose direct and simple ways of communicating while others place emphasis on indirect and more complicated methods. In a culture that values direct style (such as the American, German or Spain (Salacuse, 1988)); one can expect to receive a clear and explicit response to proposals and questions. People from this group always say exactly what they mean. Individuals with an indirect style of communication frequently make assumptions about the level of knowledge possessed by their counterparts. Indirect communicators do not believe that everything needs to be said, they believe that the meaning can be implied (Gupta, n.d.). They use a lot of facial expressions, gestures, and other kinds of body language. In cultures that rely on indirect communication, such as the Japanese or Chinese, reaction to proposals can be gained by interpreting proper indefinite comments, gestures and other signs (Salacuse, 1988).

### **5. Time sensitivity (high or low)**

There is always a difference in a way time is perceived in different cultures. In some cultures, such as the German, people always want to be punctual and they follow schedules, in other cultures, such as Latin Americans or the Icelandic, people are constantly late. Individuals from particular Asian countries, such as Chinese, want to

negotiate slowly and they take their time to get to know their business partners better. On the other hand, Americans are impatient about the time. They want to make negotiations and sign contracts as quickly as possible (Shimutwiken, 2011).

#### **6. Emotionalism (high or low)**

In different cultural groups people express their emotions differently. Fons Trompenaars (1993) has described two approaches to emotionalism: neutral and affective. In neutral oriented cultures, people admire behavior of being calm and being able to carefully control emotions and are reluctant to show their feelings. In affective oriented cultures, people display their feelings openly and a lot, they use body language and gesticulating (Behrens, 2009). On the other hand, it should be kept in mind that there are different kinds of people in the same culture. For example, Spanish people are emotionally expressive, but in Spain itself there can be Spaniards who are extremely emotional and on the opposite side there can be Spaniards who are shy and do not talk as much as others.

#### **7. Agreement form (specific or general)**

Cultural factors could as well have an impact on the form of the written agreement that negotiating parties are attempting to sign. For instance, people from the United States prefer contracts that are described in small details, because they want to anticipate all the possible risks and contingencies. Because, in Americans point of view, the signed deal is the contract itself, and one should relate to the contract to handle new situations that may come up in the future (Shimutwiken, 2011). People from other cultures, such as the Chinese, prefer a contract in the form of generalized principles rather than detailed rules. People that are coming from the culture similar to the latter, think of the deal as the relationship between the two parties. If unforeseen circumstances arise, the parties should look to their relationship, not the details of the contract, to find the solution to their problem (Salacuse, 1988).

#### **8. Building process of an agreement (bottom up or top down)**

Building process of the agreement is related to the previous fact. It is the way people from different cultures build the contract. In some cultures, individuals prefer to start negotiation process on general principles and then go further into details. This approach is called bottom up or the inductive process. In contrast, in other cultures, negotiating

counterparts tend to make agreements first about specific details, for example, price or delivery dates and more, and merge all those details to conclude the final contract. This type of contract making is called top down approach or a deductive process (Salacuse, 1988).

#### **9. Negotiating team organization (one leader or consensus)**

In negotiation process the organization of the teams is important, because it is valuable to know for one side how the other side is making the decisions. In some cultures, the emphasis is on one individual who is also a team leader, makes all the decisions and the other members of the team are acting as his followers. In other cultures, the stress is put on the whole team, how they deal with problems and make the decisions using consensus rule (Salacuse, 1988).

#### **10. Risk taking (high or low)**

Risk taking is a significant matter in international negotiations. Sometimes the better outcome of the negotiation depends if people are willing to take risks. However, some cultures are risk averse while others are ready for more challenging situations. In deal making process, to take a risk means not only revealing of the information and trying new approaches, but also, tolerating all kinds of uncertainties and some countries are better at coping with this than others (Salacuse, 1988).

### **3.3 Cultural dimensions**

There are many cultural dimensions identified and described by several scholars. One of the most distinguished in this field of analyzing different cultures is Geert Hofstede. He identified five cultural dimensions that are important not only for learning about organizational culture in different countries but also as it will turn out in this thesis, are important factors in analyzing the different approaches and styles in negotiation. His five cultural dimensions are as follows:

Power distance (PDI) describes the extent to which less powerful members of a society accept that power is distributed unequally. Inequality is represented from below, not from above. It also suggests that the followers as much as the leaders approve society's level of inequality. The culture which is measured by this dimension can be either low or high in power distance. High power distance presents the culture

where powerful people should try to look less powerful than they really are. People from older generations do not get too much of the attention or respect and they are not feared by younger people of the society. The idea is that all the people in the society should be equal. The cultures that can be described as high in power distance are right at the opposite end of the lower power distance where powerful people want to display their power to others, where older people are respected and feared by the younger members of the family, where only the people who hold power are entitled to privileges (Hofstede, 1980).

The second cultural dimension called uncertainty avoidance (UAI) has to do with how the society deals with uncertainty and ambiguous situations. It indicates to what extent the culture programs its members to feel either comfortable or uncomfortable towards unknown situations. The countries where the uncertainty avoidance is high try to minimize the uncertainty by applying strict rules, laws and security measures and on the religious level through a belief in absolute truth. Countries that could be described as having low uncertainty avoidance has features of tolerating diversity, are open to change and innovation, young people are admired. They are ready to take risks and they think that the fewer the rules there are the better it is. On the other hand, countries that can be described as high in uncertainty avoidance are xenophobes, which mean that they don't appreciate foreigners, strangers or people that are different than them as well as new ideas and different approaches to the same things. They have conservative views and older people have much more respect in the society than the younger ones. They like everything to be predictable and clear (Hofstede, 1980).

The third dimension is called individualism (IDV). This dimension describes the degree to which the individuals are integrated into groups. If the people are individualists, the ties between people are loose and they only look after themselves and their immediate family. On the other hand, if people are collectivists they belong to inward groups and they are loyal and caring about the members of the same group. The norms in individualistic cultures are that the identity is based on the individual, that everyone has a right to private their life and the emphasis is based on individual's initiative and achievement. Decisions that have to be made are based primarily on the needs of an individual. The norms in the collectivistic cultures are that the identity is



based on their social group; private life of an individual is invaded by the company or the organization to which she/he belongs to. The decisions made are based on what is the best for the whole group (Hofstede, 1980).

The fourth dimension is called masculinity (MAS) and the opposite of that is femininity. This dimension refers to the emotional roles between the different genders. In high masculinity cultures the social role of genders are supposed to be very distinctive: men are supposed to be assertive, competitive, tough and care about material success and women are supposed to be modest, tender and be concerned about the quality of life. In feminist societies, the social gender roles overlap and both men and women are more focused on the more modest and tender aspect of matters. It also can be described as quantity vs. quality (Hofstede, 1980).

Long-term orientation (LTO) versus short-term orientation is the fifth and one of the latest dimensions which Hofstede identified and described. This dimension was found by using Chinese values survey which was conducted after the original four dimensions were described. Long-term orientation stands for the fostering of virtues oriented towards the rewards in the future. Short-term orientation stands for fostering the virtues related to the past and the present, it emphasizes on respect for tradition, saving ones face and fulfilling social obligations. The norms for short-term oriented cultures are when quick results and quick decisions are expected, status is not the major issue in the relationships between people, people should be rewarded according to their abilities, and loyalty towards others depends on the needs for making business. Conversely, the norms for long-term oriented cultures are when it is important for people to develop and maintain lifelong relationships. The emphasis is on persistence and perseverance not quick results. And the relationships between people are in accordance to their status (Hofstede, 2001).

**Table 1. Dimensions of culture (Thompson, 2012, p. 275)**

<b>Cultural dimension</b>		
<b>Goal:</b>  Individual versus collective orientation	<i>Individualists/Competitors:</i>  Key goal is to maximize own gain (and perhaps the difference between oneself and others); source of identity is self; people regard themselves as three agents and independent actors.	<i>Collectivists/Cooperators:</i>  Key goal is to maximize the welfare of the group or collective; source of identity is the group; individuals regard themselves as group members; focus is on social relations.
<b>Influence:</b>  Egalitarianism versus Hierarchy	<i>Egalitarians:</i>  Do not perceive many social obligations; often regard BATNA to be major source of bargaining power.	<i>Hierarchists:</i>  Regard social order to be important in determining conflict management strategies; subordinates are expected defer to superiors; superiors are expected to look out for subordinates.
<b>Communication:</b>  Direct versus indirect	<i>Direct Communicators:</i>  Engage in explicit, direct information exchange; ask direct questions; not affected by situational constraints; face-saving issues likely to arise.	<i>Indirect Communicators:</i>  Engage in tacit information exchange such as storytelling, inference making; situational norms.

### **3.4 Polychronic versus monochronic time perception**

Assumptions about time are no less important when talking about cultures because different people perceive time in different ways. Edward Hall identified several cultural

dimensions in relation to communication that are distinct across many countries. One of his dimensions has particular importance when different cultures meet at negotiation table (Schneider & Barsoux, 2003). This dimension is called polychronic versus monochronic time perception. In some cultures time is seen as limited, meaning it is a resource which should be spent accordingly. Time is monochronic when it is seen as linear or sequential. Monochronic cultures usually have scheduled appointment and meetings. They discuss one task at a time. They try to organize time as efficiently as possible and they like to spend it productively. Conversely, in polychronic cultures time is experienced as unlimited and simultaneous (Schneider & Barsoux, 2003). People in polychronic cultures believe that several activities can happen at the same time and that they can discuss few things at once. Not everything has to happen “on time”, because sometimes meetings or scheduled events might be interrupted with something that is considered of higher importance.

### **3.5 Direct versus indirect communication**

Another important cultural dimension that was described by Hall (1997) was high-context and low-context communication in other words direct and indirect communication. There are two kinds of cultures according to this dimension. Low context is where the speech is supposed to be direct and clear and expressed to the point without any ambiguous meanings. Everyone should have equal access to information. In high context cultures the communication depends on each individual and situation. Some people are more privileged to the access of information than others. Knowing body language and non verbal language is crucial because not everything is said aloud what is meant to be said (Schneider & Barsoux, 2003).

## 4 Chinese cultural roots

To better understand how the Chinese negotiating style has originated, one must understand to what extent cultural roots has influenced the mindset of Chinese people. China's culture was greatly influenced by teachings of Confucius. His doctrine describes the moral and non-religious ethic that favors ideal or virtuous behavior of a man such as: "benevolence, righteousness, justice, propriety, trust, and sincerity" (Benoliel, 2009, p. 3). Confucius believed that if the society is organized under good-natured moral code it would be prosperous and stable. He also described five basic relationships between people that should bring the stability in a society. Those relationships are between the ruler and ruled, husband and wife, older and younger brothers, children and parents, and between two friends. All of those relationships are hierarchical except for the last one. The ones that are lower in hierarchy are supposed to give absolute obedience and loyalty in exchange for the benevolence of the person above them (Graham & Lam, 2003). Another behavioral principle that Confucius describes was family harmony. He said that family members are not autonomous and that their prime concern should be not about their own self-centered desires but about what is best for the whole family. This idea has spread to the business model of running the business not for self gain but for the benefit of all the members in the organization (Benoliel, 2009). Other important teachings of Confucius include the virtuous behavior towards other people, which includes having good manners, sense of dignity and shame (saving face). Respect for tradition and reciprocity of favors as well as mastery are the last but not least values taught by the philosopher which had influence for the modern day behavior of Chinese people.

Another philosophical system that had influenced the Chinese culture alongside with Confucianism is called Taoism. Two key concepts of this doctrine is "*yin and yang*" and "*wu wei*" (inaction). "The *yin* and *yang* are contrasts that compliment each other and together create a harmonious whole" (Benoliel, 2009, p. 4). *Yin* and *Yang* describes the idea that there should always be a balance between opposite forces such as good can turn into bad or misfortune into fortune. And that the good cannot exist without the

bad and that the light cannot exist without the darkness. This Taoist principle of reversion has influenced the Asian mindset in a way that people should be cautious when they are in prosperity, because the times of hardship and misfortune are likely to arise. On the other hand, when people experience difficult times they should always hope for the better to come (Sebenius & Qian, 2008).

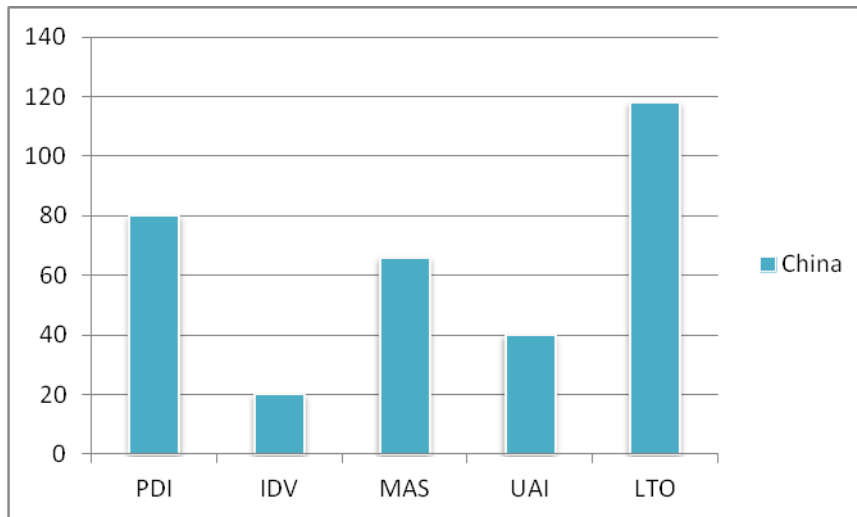
The second concept *wu wei* describes the principle of “yielding to an oncoming force in such a way that it is unable to harm you” (Benoliel, 2009, p. 4). In other words, it is the finding of the best solution in the given set of circumstances.

Another influential principle in Chinese culture is the concept of “*Ji*” which means the art of war, founded by military strategist Sun Tzu. *Ji* describes the method how to defeat the opponent not by force but rather by using tactics and strategy as well as mental wisdom. In modern world, the art of war is applied by Chinese people to a business environment. Managers sometimes apply this philosophy of how to win the competition with foreign business people (Benoliel, 2009). Over time, these philosophies of moral behavior and wisdom of inaction as well as the art of war had deeply embedded into Chinese culture. They have affected the way Chinese people behave towards foreign competitors and the way they negotiate while making new deals. Just like Confucius was focusing on finding the right way, the Chinese negotiators are concerned with the means and not the final goal (Graham & Lam, 2003).

Besides all the teachings and principles of human behavior described above, there are other factors influencing the culture of China, e.g. agrarianism. Compared to other countries in which the bigger part of the population lives in the cities, in China two thirds of the population still live in rural areas (Graham & Lam, 2003). People are laboring in agriculture, growing rice and wheat and farming. It requires group work and cooperation for survival. As a matter of fact, the collectivist culture of Chinese people came from the values of agrarian life style (Graham & Lam, 2003). The final element is the wariness of foreigners. Historically, China had many painful experiences with people coming from abroad. It was defeated in several wars, such as in the Opium Wars, and they only have seen foreigners from the dark side as dangerous, exploitive and untrustworthy. This had led Chinese people to be a low-trusting when it comes to strangers, especially from different countries (Benoliel, 2009).

#### **4.1 Chinese cultural dimensions**

According to G. Hofstede and his five cultural dimensions, China scores high in power distance, low in individualism (which means that it is highly collectivist culture). It scores as high as 66 in masculinity versus femininity dimension and is in the middle of uncertainty avoidance. The highest score is in the last dimension, long term orientation, where this country has 118 points (Hofstede, n.d.). Because China scores as high as 80 points in the power distance dimension it means that it is a society which believes that inequality between people is acceptable. Individuals are influenced by the authority and sanctions. Individualism is defined as how people see themselves in the society as either "I" or "We" (Hofstede, n.d.). Living in a society with an extremely collectivist culture, Chinese people act in the interest of the whole group and not necessarily themselves. As already discussed before, China is a masculine country where people are always trying to reach for success. They put leisure time in the second place and they place work as their priority. They would even leave their family temporarily in order to get better job offer or better opportunities that lead to more success (Hofstede, n.d.). Uncertainty avoidance deals with the society's tolerance for the uncertainty and unclear situations. China scores 40 in the uncertainty avoidance dimension which means that Chinese people are rather comfortable with diverse and ambiguous situations. Laws and rules can be adapted to the actual situation. It can be understood from the last dimension that persistence and perseverance are normal in Chinese society. Traditions can be adapted to fit new conditions. Relationships between people are ordered by status and the order is observed (Hofstede, n.d.).



**Picture 2. Chinese cultural dimensions (Hofstede, n.d.)**

If talking about Hall's cultural dimensions then China belongs to a high-context culture (Schneider & Barsoux, 2003). The communication between people is implicit, suggestive and vague, which confuses the members from low-context cultures (Benoliel, 2009). According to polychronic versus monohronic time perception, China falls under polychronic time category (LeBaron, 2003). People think that they should naturally mix into the pace of events and let time to take its course. And that time should not be a limit to the course of human interaction (Benoliel, 2009).

## 4.2 Chinese negotiating style

The cultural dimensions as well as cultural roots described above are important factors when it comes to analyzing negotiation style and behavior of each country. For example, China is a country where collectivism is predominant and people in this culture choose how to negotiate according to its values. People in collectivist cultures give priority to those goals that would be beneficial to the whole group, for instance, to their family, community or organization. Collectivists are concerned how their actions or behavior will affect all the members of their in-group. Self interested behavior is not tolerated and perceived to be selfish (Benoliel, 2009).

Chinese can be described as a relationship-driven culture. They put a lot of consideration into interpersonal harmony or *Renji Hexie* between people. Chinese believe that besides respect and responsibility there has to be positive friendly feelings among business partners. They take a lot of time in getting to know people and establishing friendly relationships. It might take several days or even weeks and includes

going to public events, home visits and long dinners before business is discussed. It might be tiresome for foreigners to work with Chinese in this way that are used to prompt business negotiations and signing contracts but that is just the way they do things in China. Moreover, they would not make a deal with someone they do not know and trust. In the article *Successfully negotiating in Asia* (Benoliel, 2009) this attitude is called “relationship negotiator”. From a Western point of view, relationships in China are a double-edged because they are used to make new demands, reopen contracts, negotiate again already settled terms and request for new concessions.

It is very important for Chinese people to have good social capital around oneself between friends, relatives, colleagues and associates. This term is called *Guanxi* in their culture. Chinese people invest much time in making good relationships with people, because it provides assurances to reduce risk in making business (Graham & Lam, 2003). They also value reciprocity. Favors are always remembered and returned later in the future. Moreover, they strengthen the relationships between business partners. People who forget to return the favors they are seen to be immoral and it poisons all future business (Benoliel, 2009).

Based on Hofstede’s research (1980) people from China are not afraid of change and innovation. However, it is important to underline that when it comes to making deals they become less tolerant towards the risk. It means that they would precede rather slowly, learning about the product that is being negotiated about, learning about their partners, and gathering information. They make decisions by carefully evaluating the information (Benoliel, 2009). Another important cultural dimension that has influence on negotiation behavior which is also described by Hofstede (2001) is called long-term versus short-term orientation. China as well as many other Asian countries has a long-term orientation in respect with time. Short or long-term orientations influence the pace of how fast or how slow the negotiations move. People from Western countries think that the pace of negotiating with Chinese is very slow. Chinese tend to think that negotiating in a hurry under time pressure is the same as putting oneself under unnecessary psychological disadvantage therefore they choose to negotiate slowly. They also believe that negotiating slowly can help in maximizing the gains, because it allows you to think more about each step in negotiation process (Benoliel, 2009).



As it was mentioned before, China is a culture with polychronic time perception and it affects how Chinese handle the structure of the agenda. They might start and end meetings at flexible times and take breaks whenever they feel it is necessary (LeBaron, 2003). And they do not take it personally or get easily offended if somebody comes late to the scheduled meeting (LeBaron, 2003). They easily jump from one issue to another, or they can discuss multiple steps at the same time (Benoliel, 2009). The time perception is also influenced by the fact that Chinese people have a holistic thinking or *Zhengti Guannian*. *Zhengti Guannian* is about thinking in terms of a whole rather than in small details. Because in Chinese the words are pictures and not separate letters, people learn to process information holistically at early age. For people who are used to following a schedule it is rather difficult to understand the holistic way of thinking and they get the feeling that Chinese people never completely decide on the subject.

The Chinese just like other Asians that are collectivists make a distinction when negotiating with in-group and out-group members. For example, when negotiating with out-group members, collectivists are often more competitive than individualists. And they use more cooperative negotiating strategies than negotiating with in-group members (Brett, 2000).

Chinese people have indirect way of communicating with others. They think that it is more virtuous method to preserve harmony and “face” (Benoliel, 2009). “Face” or *Mianzi* is one of very important aspects in Chinese culture is. “Face” is a term of human feelings, personal dignity or public respect but more often means a favor that involves obligation to reciprocate, usually with a sentimental element. If anyone lets Chinese lose his “face” in the eyes of those around them will be a very serious issue (Chang, 2006). “The Chinese notion of “saving face” is closely associated with the American concepts of dignity and prestige” (Graham & Lam, 2003, p. 9). *Mianzi* is measured in terms of wealth, intelligence, personal connections, attractiveness, skills and position. Chinese tend to think that “face” can be earned, lost, and taken away or given back. Sometimes, even unintentionally, if negotiating process gets rocky and if Chinese person feels that he is losing “face”, he would back off the deal.

Social status which is called *Shehui Dengji* in Chinese is still very important in China. It originates from Confucian values of obedience to the superior. It is best that the parties

that meet to negotiate would be of the same rank. Chinese find it offensive if the member of another party is a young, inexperienced person. It could kill the contract before it even started. On the other hand, if the person who has a high status in the company is sent for negotiation it helps to stimulate the cooperation between the parties. The fact about Chinese culture having very formal communication style, that was mentioned previously, holds true at the bargaining table as well. Chinese people address their counterparts by their second names and treat them with respect. Only people who know each other very well may use informal style and refer to each other by names while communicating (Shimutwikeni, 2011).

Another important element in Chinese culture which has an impact on negotiating behaviour is *Jiejian* (Thrift). It is about how much of the salary people are putting aside to save up for the future. Over time, China has experienced long terms of economical instability which gave rise to *Jiejian*. People in China save up almost four times as much as Americans do (Graham & Lam, 2003). In negotiation practice it can mean a lot of bargaining over a price. Chinese people like to set up prices very high at first, but later they expect both sides to make reasonable concessions.

As it was mentioned before, Chinese culture is a low trusting one. People only rely on their family and the people that they know well and for a long time. And distrust all the newly met strangers. In business relationships trust can't be earned if the relationship between the people is not established first. For this reason the intermediary or *Zhongjian Ren* is very important in business environment in China. It is important that the person that wants to do business with particular Chinese organization would find some link that would create the connection with the people. It could be the person that both sides know very well, the hometown, family, school or the past business experiences. However, the best is if both sides can be linked with one person who could act as an intermediary. It is valuable to have a Chinese associate or someone who knows Chinese culture very well and can interpret all cultural aspects only known for Chinese, such as vaguely expressions, voice tone, moods and body language. As an example, such expressions as: "let us study it", "give it more time", could give hope for a foreigner but for Chinese it is clear that there will be no deal (Graham & Lam, 2003).

The last cultural feature in Chinese culture that is reflected in negotiating behavior is called *Chiku Nailao* which means endurance and relentlessness. As a matter of fact, Chinese people are known for their strict work ethic. For them working hard even the conditions are bad is more honorable and important and they see it as the key to success. In negotiation practice this is appear in long preparation for business meetings than usual in other countries and tiresome negotiating sessions (Graham & Lam, 2003).

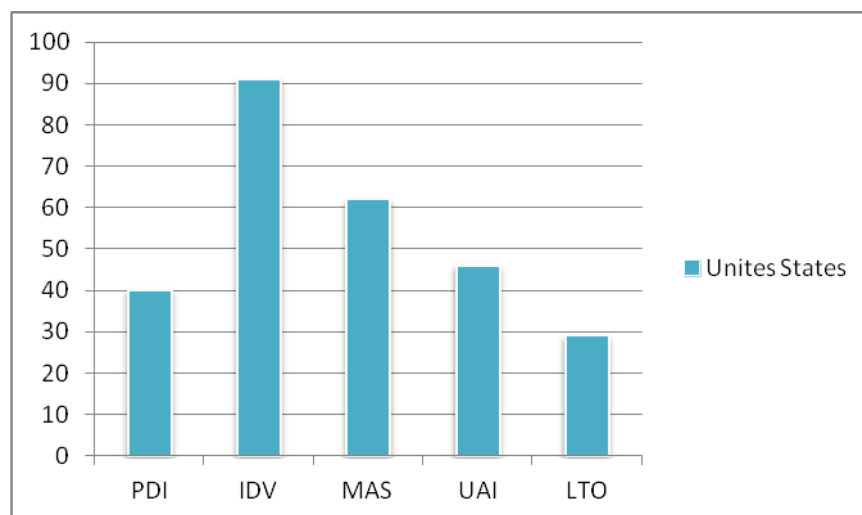
## **5 American cultural roots**

There is no need to look at cultural dimensions or read scholarly articles to notice how different the culture of the United States is from other countries in this world. This distinction confirms the fact that American culture was formed by different cultural origins than in other lands, for instance, from that of China or Japan. It wouldn't be a wrong to say that American culture was strongly influenced by the diversity of its immigrants. From the very beginning, every new person who would step on American soil had to work hard if he wanted to succeed, which influenced the strong work ethic of The United States (Hodgson, Sano, & Graham, 2008). All the newcomers had to show independence and individualism – the traits that were crucial for survival in vast open areas. Americans being very individualistic and competitive can also be explained by the fact that they did not have to interact with other people too often due to the open free areas in American land. If someone was making a conflict people did not need to cooperate in order to find a solution or make concessions, they simply just moved out to another free uninhabited area (Hodgson, Sano, & Graham, 2008). The reason that Americans tend to make quick decisions and perform fast negotiations originates from the fact that in old days the distance between villages or small towns was much bigger. The social system with few and short negotiations was formed since it was more convenient for everyone. "A day-long horseback ride to the general store or stockyard didn't favor long, drawn-out negotiations. It was important to settle things quickly and leave no loose ends to the bargain" (Hodgson, Sano, & Graham, 2008, p. 29). As the pressure for time didn't allow for long debates, the people expected straight, honest answers with no ambiguous meanings and laying all the cards on the table was highly valued.

Talking about more recent times, US population is largely urban in contrast to Chinese collective community. Urbanism encourages living by individualistic values of independence, autonomy and self reliance (Smith, 2010). Present-day business and law schools in America provide thorough training in negotiations therefore American people have similar behavior at bargaining table (Hodgson, Sano, & Graham, 2008).

## 5.1 American cultural dimensions

Referring to the picture 3, it can be seen that the United States has low power distance (40). It means that Americans value equality between people in the society. The older or higher ranked people are respected as much as young people or the subordinates in the company. Individualism scores as high as 91 in American culture. It refers to highly valued individualism and taking care of only immediate family and oneself. The mentality in this dimension is “I” and not “We” where identity is based on the individual and the decisions are made for the needs of an individual (Hofstede, 1980). Masculinity versus femininity dimension scores as high as 62 which indicate that Americans have a masculine culture. Masculine culture is the one where people are trying to be best in what they do and achieve success in everything they do. The final goal is always to win (Hofstede, 1980). Uncertainty avoidance dimension is measured to be 46, which means that the society is accepting the ambiguity or the unknown environment around themselves. The people are willing to try new things, products, are more eager to accept new ideas, technology and innovation than the cultures that have higher uncertainty avoidance. In long-term versus short-term orientation, United States scores 29 and it is a short-term oriented culture. It is a culture where people are focusing on traditions and fulfilling of social obligations.



**Picture 3. Cultural Dimensions of the United States (Hofstede, n.d.)**

According to E. Hall's dimensions described before, the United States is in the opposite end compared to China. In US direct communication between people prevails, and they value clear, direct speech where people do not have to read between the lines

or be expert in reading body language signs (Schneider & Barsoux, 2003). United States can be described as monochronic culture. They consider time to be linear and inflexible. Time is a limited resource that should be used efficiently (Benoliel, 2009).

## **5.2 American negotiating style**

Negotiation process with Americans has a totally different perspective when compared with negotiators from other countries. First of all, American culture is an individualistic culture which means in negotiating terms that people come to negotiate as independent agents and their goal is to maximize own gains and they are following primarily their interests and benefits for themselves (Horst, 2007). Also, Americans believe that individuals are free to make their own choices and that the person who can make decisions independently without consulting with others and their superiors is considered to be smart and successful (Blankley, 2006). In the book *Cross-cultural negotiations* (Horst, 2007) the author suggests that people from individual countries tend to have competitive attitude at negotiation table while people from collectivist countries such as China or Japan tend to have the cooperative attitude. In article *Negotiating successfully in Asia* (Benoliel, 2009) the author describes Americans as contact-negotiators which mean that the goal of the negotiation for them is to make a contract. In other words: business is business. They care first about making deals and later they think about socializing and building relationships. Another influential factor to American negotiating style is the monochronic time perception. Americans are very organized. They want to do everything “on time” and exactly how it says on the agenda. They also like to discuss one thing at a time. For them ideal negotiation is to make quick decisions and spend time as efficiently as possible (Blankley, 2006). In US people value informal communication way. Very often “just call me Mary” phrase is repeated when one wants to give an example of how Americans communicate. This also holds true at negotiation table. They believe that calling people on the first name basis gives the comfortable atmosphere and plays down the status where everyone should feel like equals. Sometimes they do not take into consideration that people from different cultures like to have their status known to others thus he or she can gain the proper respect (Hodgson, Sano, & Graham, 2008). Another important fact about American negotiating style is their direct communication. They speak plainly and expressively

without any ambiguous meanings. And they expect the same from the other negotiating side – to get straight answers and honest information. Direct communication leads to easily revealing information to negotiation counterparts. Direct form of exchanging information involves explicit statements about priorities - what is more and what is less important (Adair, Brett, & Okumura, 2001). American negotiators are known to be candid and straightforward and they do not try any devious negotiating strategies (Koh, 1996). People from the United States are as well as the Asians familiar with the term of “saving face”, but in the Western world this term is expressed in terms of prestige and dignity (Graham & Lam, 2003). Unlike other cultures, Americans do not make distinctions between in-group and out-group members. Individuals might pursue a conflict in negotiations no matter if the member is considered to be from an in-group or an out-group (Pearson & Stephan, 1998). In negotiating process, Americans are very likely to be risk-takers. They often have suggestions for new and innovative ideas and proposals for compromise (McDonald, 1996).

## 6 French cultural roots

The distinctive French negotiation behavior was formed by the impact of specific cultural elements and historical processes. It is hard to say which of many elements that form something as complicated as culture can be most influential. In this thesis only the cultural context will be discussed and the historical context omitted. French cultural roots that have some relation to the way how French people negotiate can be grouped into six categories: the tradition of the state, French political culture, anti-Americanism, French temperament, influence of Cartesianism and the impact of educational system (Cogan, 2003). France is famous for having a long existing state apparatus, which emerged long before the French nation. It survived many threats and many revolutions. People in France respect their state and the concept of it became deeply rooted in their culture. In the book called *French negotiating behavior* (Cogan, 2003) the author says that “the almost obsessional way in which French negotiators defend the interests of the state is a characteristic universally recognized by others who have observed them in action” (Cogan, 2003, p. 26). The strength of the French state reinforces French peoples’ sense of their national identity.

The second element - political culture is rather different in France than in other democratic states, such as the United States or England. In French peoples’ eyes an individual lives for himself and his own happiness where the state can obstruct as little as possible and can only limit by the law. In France, the republican values are not the life, liberty and the pursuit of happiness like in the United States, but rather the liberty, equality and fraternity.

Republican and republican virtues – meaning the acceptance of the values of French revolution and the Enlightenment, and their incorporation within a strong, unitary state- have become the watchwords of French political culture, just as democracy and democratic way of life have come to form the American mantra. (Cogan, 2003, p. 32).

Freedom from religion is also an important factor that was shaping the mind-set of French people. France was one of the first countries that resisted religion, Catholicism, and wanted to separate the church from the state. No other religion had a chance to



adapt in French society therefore had no strong influence in shaping the culture with its values and virtues.

Anti-Americanism is somewhat rooted in French culture. First, French people are against American capitalism. Second, they see the United States as a competitor in the world's powers because of historical grievances. Third, French people dislike American multiculturalism and the fact that everything is based on competition, individual success, money and the chase of what is new at expense of the tradition. All these dislikes can be traced back to the competition of world's powers when France had to give in to US after being a world's leading power for many years. For these particular dislikes, French people always want to have their own way of doing things, they do not want to accept the fact that someone else is more right and they should follow someone else's approach (Cogan, 2003).

France's culture was by all means touched by its geographical location. In many ways French people have more similarities in their temperament with Latin culture from its neighbors to the South compared to the English and German to the north. In negotiation terms it reflects, for example, in the way French people understand the concept of a contract. As it was mentioned before, Americans like to have detailed written contract, to put on hard paper as much as possible. On the other hand, French people are less fond of written contracts and rather believe in the good faith between the parties, which is considered a very Latin approach (Cogan, 2003).

French negotiators have something which is called Cartesian obsession – the notion that the exercise of reason can change the world. The Cartesian model of reasoning is “top down”, discussing first the general ideas and moving to more particular items, and this is the exact way how French people negotiate. French negotiators put “great emphasis on logical and clear presentation of an argument” (Cogan, 2003, p. 49). France with no doubt can be called the nation of peasants which strongly influenced the culture of the country and affected the mindset of people that are still present today. In the book called *French negotiating behavior* (Cogan, 2003) it is said that from the peasantry values the French negotiators adapted the fierceness of defense of the national interest, good sense and a vital realism. In negotiating terms realism and good

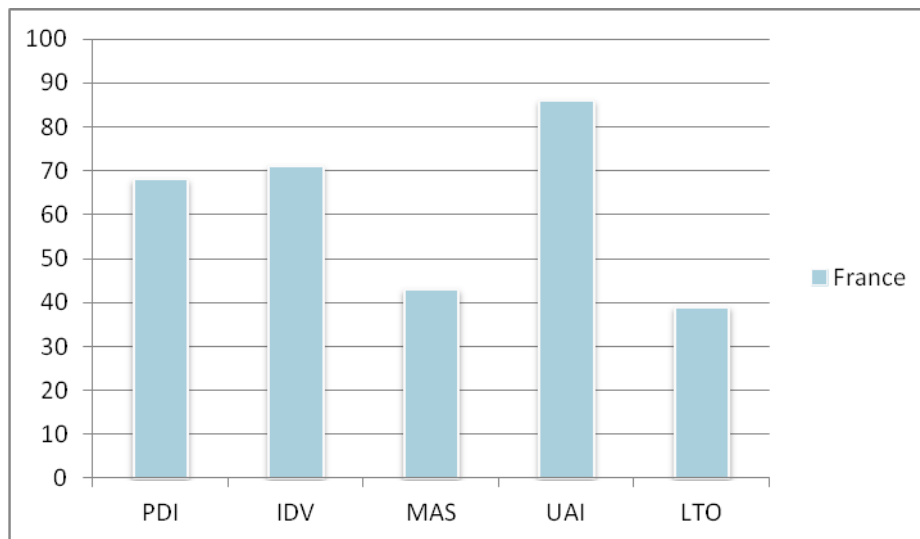
sense mean that French people are able to compromise and to come to a beneficial solution to both parties even though they seem to be rather stubborn in the beginning.

Finally, it can be said that the French educational system has a certain impact on the mind-set of the people. The system consists in *Grandes Ecoles*, which are state leading institutions that train the French elite - the people that appear in political and business life. On the other hand, the university system can be attended by anyone, but does not guarantee a future job or success, while students who graduate from prestigious *Grandes Ecoles* are always recruited by corporate bodies. As it says in the book *French negotiating behavior* (Cogan, 2003) the state takes upon itself to form the nation's elites. They tend to produce autonomous, independent and critical individuals (Binnendijk, 1987). Thus when foreign people negotiate in France, they usually deal with the graduates from *Grandes Ecoles*. This all means that French negotiators have their mind trained in the same way (Cogan, 2003).

## **6.1 French cultural dimensions**

According to G. Hofstede's dimensions, France is a culture with a high power distance (68) where people accept inequality and hierarchy of power is often used. At individualism versus collectivism France's score is as high as 71 which means that people in the society value individualistic opinions and "I" mentality is in favor. In working conditions the attention is given to the task and individual success and not the group work. French culture is the only one of these three countries discussed which scores low on masculinity vs. femininity indicating that the culture is more feminine than masculine where people value the quality of life and care for the others. The priority for the French people is life, not work as common in other cultures. That's why they are famous for long holidays and short working weeks (Hofstede, n.d.). In uncertainty avoidance dimension France is measured by 86 points. This high mark indicates that people in the society are afraid of the unknown situations and they prefer to follow rules and the traditional way of doing things is more welcomed than the innovation. Any kind of change is considered stressful (Hofstede, 1980). Scored at 39, France belongs to short-term oriented cultures which the same as in the United States people value traditions and established norms. Consumption is driven by immediate

gratification, sensitivity to social trends and rituals. There's not much focus on saving (Hofstede, n.d.).



**Picture 4. Cultural Dimensions of France (Hofstede, n.d.)**

According to E. Hall (1997) French people fall into the category together with high context cultures. High context cultures have features of high-level use of nonverbal elements, voice tone, facial expression and gestures. Verbal message is indirect; one talks around the point and embroiders it. Disagreement is personalized. One is sensitive to conflict expressed in another's nonverbal communication. Conflict either must be solved before work can progress or must be avoided (Hall & Hall, 1997). Moreover, French people can be categorized under polychronic time orientation (LeBaron, 2003).

## **6.2 French negotiating style**

French people show specific style of negotiating that is different compared with other cultures, which often confuses non-French negotiators. As it was mentioned before, France is a culture where high power distance dominates. In negotiating terms it means that they have concern with who they are dealing with, because status and rank is important in French society. They want to know the titles and positions of the people that they will be working with. Also the person is granted respect according to his or her education, titles, status and achievements. The more achieved the person is the more respect he has in the eyes of French people. Followed by this, it is important to note that French negotiation style is very formal. Unlike Americans they prefer to be called

by their family names but if a person has a title, the use of it when addressing a person is crucial. The goal of the negotiation is both short-term and long-term benefits. One of the goals in negotiation process is to establish long lasting relationships with their counterparts to ensure the success of future negotiations. Creating a friendly relationship before starting initial business negotiations are not a necessary precondition for Frenchmen. France is highly individualistic culture and in negotiating terms it means that people have competitive attitude and may not always exhibit the win-win attitude. Hans Binnendijk in his book mentions that French people value independence and autonomy and resist compromising when interacting with others. (Binnendijk, 1987). French people want to maximize their own gains which results in unwillingness to compromise and make concessions. They do so if it is the only option from keeping the process of negotiation from turning into a dead-end (Katz, 2006). The process of negotiation is visibly affected by uncertainty avoidance in French culture. Because people do not cope with unclear and ambiguous situations in society they behave accordingly while negotiating. French negotiators like to establish general principles that provide strict guidelines for negotiations. They carefully prepare the arguments that are supported by logic in a way that it would almost impossible to deny them. "The establishment of general principles is a way to controlling events and avoiding uncertainty" (Alston, Hawthorne, & Saillet, 2003, p. 107). The time approach in French negotiations is polychronic. They can discuss several topics at the same time, jumping from one to another, and coming back to already settled agreements which often is frustrating for the counterparts from different countries. "They can bargain and haggle over several aspects in parallel" (Katz, 2006). The pace of negotiation in France is slow. People take their time to prepare for negotiations and the bargaining part and decision making part is usually a long process. Because France has a hierarchical culture, in negotiation process the person who makes decisions and takes responsibility is mostly the senior executive. When making decisions French people tend to consider specific situations separately rather than applying general rules to all similar situations. Compared to Asian cultures the concept of "saving face" has little or no importance for French people. Controversially, pointing out their mistakes and correcting people at the negotiating table is mostly accepted and appreciated (Katz, 2006). French negotiators

are not difficult when it comes to information sharing. They always share some of the information that they have in hands, but they expect the same in return (Katz, 2006).

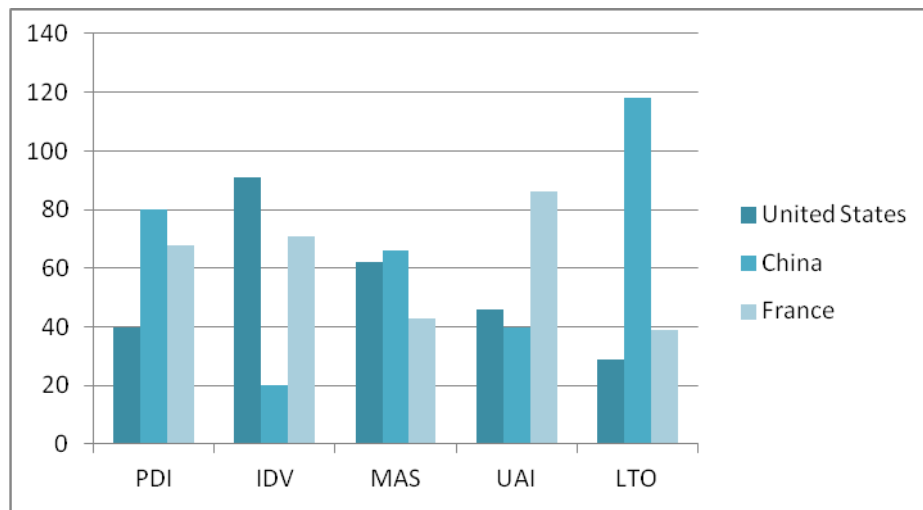
## 6 Results

The aim of this thesis was to find those cultural elements that affect negotiating styles. To better understand how it works in practice three countries were analyzed, China, United States and France. First, the comparison of cultural dimensions based on G. Hofstede's and E. Hall's findings are presented below to show the differences and similarities in cultures.

**Table 2. Summarized cultural dimensions**

<b>Cultural dimensions</b>	<b>United States</b>	<b>China</b>	<b>France</b>
Power distance	Low	High	High
Individualism; collectivism	Individualistic	Collectivistic	Individualistic
Masculinity; femininity	Masculine	Masculine	Feminine
Uncertainty avoidance	Low	Low	High
Long/short term orientation	Short term orientation	Long term orientation	Short term orientation
High/low context	Low context	High context	High context
Polychronic; monochronic	Monochronic	Polychronic	Polychronic

In the picture 5, the cultural dimensions of France, China and USA are combined together to show the fluctuations in the columns. The distinctions can be clearly seen in cultural dimensions. For example, China instantly stands out in long-term versus short-term orientation having the highest column and the lowest in individualism versus collectivism. Just by looking at this graph one can assume that France, China and United States have very different cultural identities.



**Picture 5. Cultural dimensions: US, China, France**

**Table 3. Summarized elements of negotiating in accordance with French, American and Chinese negotiators**

Negotiating elements	United States	China	France
1. Negotiating goals	Contract	Relationship	Contract + relationship
2. Attitudes	Win-lose	Win-win	Win-win
3. Personal styles	Informal	Formal	Formal
4. Communication	Direct	Indirect	Indirect
5. Time sensitivity	High	High	High
6. Emotionalism	High	Rather high	Rather high
7. Agreement form	Specific	General	General
8. Agreement building	Bottom-up	Top-down	Top-down
9. Team Organization	Leader	Leader	Consensus
10. Risk taking	Low	High	High

Looking at these tables above, it is apparent that cultural factors have a lot of influence to the way people negotiate. For example, collectivism affects negotiating attitude to be more cooperative, which is also called win-win attitude and individualism - to more competitive win-lose attitude. Collectivism and individualism also impacts negotiating goals, whether the benefits go to one person or the whole organization or

the community. Hierarchical and egalitarian values together with high and low context perceptions in culture affect communication between people. Negotiators from hierarchical-high context cultures like France tend to have indirect and formal communication. On the other hand, negotiators that are from egalitarian cultures with low context tend to have informal and direct communication style. Culture also affects time perception in several ways. There are short-term and long-term cultures with either high or low sensitivity in time. For example, the American negotiating behavior is affected by short-term orientation plus high sensitivity of time, meaning that people expect quick results and quick negotiation process and their goal is to make a contract. They respect time limits, deadlines, and meeting hours. The negotiating behavior of the Chinese is affected by long-term orientation and also high sensation of time which means that they go around things slowly: make slow decisions, take their time in negotiating process, pursue for successful relationships between partners, but they do respect deadlines and do not like to be late for meetings. Emotionalism at the negotiating table is related either neutral or affective dimension. For example, all the countries that are analyzed in this thesis can be described as high in emotionalism which appears in gesticulating, expression of emotions and lower or higher level of physical contact. Risky decision making and strategies at the negotiating table can be explained by cultural factors as well. People that are coming from low uncertainty avoidance countries like the United States are more ready for challenges and risky decision-making than French people who are afraid of uncertainty and always try to explain everything by reasoning and making logical decisions. Talking about more details in negotiation process such as choosing general or specific approach to discussing matters is influenced by monochronic or polychronic cultural aspect. Since the United States can be described as a monochronic culture, American people have a tendency to break down discussions into more specific details, to take one task at a time and after finishing discussing every point – generalizing negotiations into a written form, which is also called top-down process. On the other hand, China and France both have polychronic perception of time, which means that the negotiators from these countries like to discuss matters in general terms before going into details (bottom up attitude).



All these results discussed above can be summarized to a conclusion that culture does have an effect on negotiating styles. Even though every individual has his own specific behavior, but the learned traits, norms and values are the same for everyone that belongs to that culture. It is important to understand that every person that comes to the negotiating table brings his own cultural baggage and that it starts playing its role in the process. Cultural differences cannot be underestimated, as they represent one of many obstacles that can be met on the way to reaching the most optimal negotiating solution for all the parties involved.

## 7 Limitations

Every research or study made has at least several limitations. This thesis is not an exception. First of all, the whole information was gathered from secondary sources such as books, scholarly articles, reports and several internet websites. The arguments given in this essay were based on the studies made by other researches. Nobody who has direct connection to one of the cultures analyzed was interviewed or questioned. Another limitation is that all resources that were used were in English language. There might have been resources in the native languages of China and France that could have been more extensively researched on the topic. However, those resources could not be used due to the lack of language skills.

In cultural roots part, it appeared to be difficult to pick out those factors throughout the timeline of the countries which were discussed, which had the most influence in shaping the culture. There is a possibility that some of important factors were excluded, and less important included in the discussions.

Another limitation in this thesis was that there was a mismatch between the sources found. For example, when writing about French cultural dimensions identified by Hofstede (1980), he states that France is a highly individualistic country. However, in another source the author states that French people having a Latin mentality prefers collectivism over individualism (Cogan, 2003). Moreover, Hofstede (1980) states that China is a culture with low uncertainty avoidance, but in another source (Benoliel, 2009) the author says quite opposite, that Chinese people are afraid of uncertainty and taking risks. It raises some doubts about the reliability of the sources.

Additionally, several resources that were used in this thesis were not recently written. For this reason, information that was used might be already outdated today, because with the passage of time culture is also slowly changing. The last limitation that can be observed is that the information found about each country was not even. For example, there was more information collected and used about Chinese negotiating behavior and cultural elements than about France and USA.

## **8 Conclusion**

Negotiation is an effective and valuable instrument that can be used for solving conflicts, making business deals, finding better solutions for everyone involved in negotiating process. When negotiation happens to be on the international level the presence of the cultural influences can be immediately felt. Different parties at negotiating table take together with them their specific cultural conduct, such as their way of thinking, communicating, reacting, feeling and culturally shaped attitudes and norms. The goal of this thesis was to explain and discuss those factors in negotiation process that are most impacted by cultural elements. To provide a better image, three countries from different continents were chosen as an example to show the differences in their national cultures alongside their negotiating styles. After reading this thesis, it should be clear that in order to be more successful in cross cultural negotiations, whether it is deal making or conflict solving, people need to learn about their counterpart's cultural background, if they want to avoid conflicts and misunderstanding of each other at the negotiating table.

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