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The Impact of Culture on Business Negotiations

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### Abstract

Understanding the impact of culture and cultural differences is essential in negotiations. Using both Hofstede's cultural dimensions theory and the GLOBE Project's nine cultural dimensions, this paper highlights the impact of culture in international business negotiations. After discussing the dimensions and various national attributes attributed to these dimensions, this paper highlights several important cultural strategies for firms to keep in mind when negotiating. It concludes with propositions and a discussion about how negotiators can improve their skills through an understanding and respect of cultural differences.

### The Impact of Culture on Business Negotiations

The rapid increase of globalization and workplace diversity has created a growing necessity for international negotiations. Negotiations are an essential starting point for any global relationship. Negotiations reflect the primary communication to initiate and build upon the corporate relationship, whether it is an entry into a new marketplace, communicating with potential customers, sourcing resources, or even capital.

Due to the increased globalization of business activities through expatriates and international negotiators, CEOs, managers, and organizational leaders need to be knowledgeable about the cultures that they are interacting with. For example, different cultures place additional emphasis on personal relationships, social networks, and influence, as found within the Chinese concept of *guanxi*. Other cultures place significant emphasis on punctuality and time, such as in the United States, where it is frowned upon to be late to an important business meeting. Conversely, time could even be used as a negotiating tool as in many Latin cultures, where negotiating partners are made to wait before discussions begin (Lahrichi, 2016). Firms need to understand the cultures that their organizations interact with in order to better train employees, build global relationships, and to have greater success in their negotiations.

#### **Reflections on Culture: Hofstede**

Geert Hofstede's cultural dimensions theory (Hofstede, 2001) is a popular framework for cross-cultural communication. It describes how a society's culture impacts the values held by its members, and how those held values relate to the behaviors in the workplace. This research is noted as one of the most comprehensive studies of how culture impacts values and behaviors in an organization, and it helps create a general understanding for cross-cultural communication by providing insight to various cultures' verbal, non-verbal, and etiquette communication styles.

Stemming from research of employee value scores from IBM (1967-73), the data collected from this study spanned over 70 countries and a vast array of industries. From this data, Hofstede developed a global model of cultural dimensions across nations (Hofstede, 2001). Hofstede's model of national culture consists of six cultural dimensions: power distance index, individualism versus collectivism, uncertainty avoidance, masculinity versus femininity, long-term orientation versus short-term orientation, and indulgence versus restraint. Hofstede used these dimensions to describe behaviors exhibited by individuals from different nations (Insights, 2021). With the results of this study, negotiators can become more efficient in understanding cultural differences before working abroad and thus become more effective in their negotiation tactics. Appendix 1 (adapted from Hofstede, 2011) highlights the differences between the low and high components of each index.

### **Power Distance Index**

Power distance measures how likely people that experience greater inequality in society will accept and expect that unequal distribution of power. The issue that guides this index is how a society handles inequality amongst its people. Power and inequality are created and encouraged by a society's leaders but are also encouraged just as much by its followers. Additionally, all societies have some level of power inequality, but some are more unequal than others (Hofstede, 2011). Countries that have a higher degree of power distance, such as India, Japan, Mexico, and the Philippines, have societies with a hierarchy that is clearly established and accepted without question. For example, the Arab world scores very high on this index, causing them to place a heavy respect on authority. This demand for respect goes so far in the business world, that it is seen as disrespectful if you speak directly to the language translator (Khakhar & Rammal, 2013).

Those with a lower degree of power distance have societies with people that question authority and attempt to redistribute power. Examples of low degree countries are Australia, Israel, and the United States (Insights, 2021). In the United States, negotiators are sometimes allowed to make decisions based on the good of the company without any further consultation from higher authority. They may be taking a risk or going against the bosses' orders, but if it works out for the good of the company, they are praised for it.

For another negotiation application, Westerners (generally low-power distance nations) tend to get frustrated because they want to make business decisions in the moment, but Japanese negotiators (high-power distance) need to report back to higher authorities before making a final decision (Hurn, 2007). The power distance index for Japanese negotiators has a play in this decision-making behavior, but also their collectivist nature (defined in next paragraph) makes them desire the decision of the group rather than that of the individual. They will report back to a higher power and discuss the negotiation as a group until a decision is reached. Thus, it is important for Western negotiators to have patience and allow for the time for reporting back and group discussion. This can be included in a Westerners' negotiation strategy and agenda. To plan and allow this time at the end not only makes the negotiation agenda less stressful on the Westerner, but also shows respect to the counterpart.

### **Individualism vs Collectivism**

Individualism vs. collectivism measures how heavily members of a society are integrated, or not integrated, into groups. A culture's position is decided by whether their people's self-image is defined by "I" or "we". Individualistic societies carry the preference for a loose-knit social network where individuals are only responsible for themselves and their immediate families. The people in these societies tend to define their self-image with "I". The United States

is a very individualistic society. They are high-risk takers, meaning they are willing to take risks for bigger gains. These risks, however, may cause issues in negotiation depending on the counterpart they are negotiating with. Individualists may be seen as selfish in comparison to cultures that care more about the benefit of the collective.

Collectivistic societies, such as Japan, have tight-knit social frameworks where members can expect any relative or in-group member to look after them if they need help. People in these societies tend to define their self-images as “we”. (Insights, 2021). Collectivist cultures tend to spend more time in the negotiation process building relationships and focusing on harmony management instead of discussing contracts. They also tend to exchange information indirectly (high-context culture), whereas individualistic cultures tend to make their messages very explicit (low-context culture). The Arab world, a collectivist society, is known for having a very high-context communication style. They are task-oriented and explicit in communication like low-context communication, but they hide their desires, needs, or goals during negotiation specifically, demonstrating more of a high-context communication strategy. The Arabic word “musayara” is used to describe the desire to be accommodating, to maintain harmony, and to avoid confrontation. This social practice makes their communication very complex and non-verbal and can frustrate negotiators from individualistic societies (Khan & Ebner, 2013).

Additionally, collectivists tend to give precedence to group goals instead of their own personal goals (Luomala, Kumar, & Singh, 2015). This behavior is seen a lot in East Asian cultures such as Japan. Negotiators will often discuss contracts as a group, rather than letting an individual handle dealings. Individual negotiators will often settle with what the group wants, even if it is not what is best for their personal careers (Hurn, 2007). These are all important points to remember before entering a negotiation with a member of a culture that has an

opposing index rating. Negotiators coming from individualistic societies may want to practice their abilities of reading non-verbal cues and understanding the context of a discussion before heading into a negotiation with a collectivist. Otherwise, it may be very hard to find the true understanding of a message.

### **Uncertainty Avoidance**

The uncertainty avoidance index is defined by the level of tolerance for uncertainty and ambiguity the members of a society have. Countries that have a high index number, such as Japan, Costa Rica, and France, are incredibly intolerant of ambiguity. They have strict codes of behavior, laws, and guidelines. Lower indexed countries, such as India, Sweden, and the United States (Insights, 2021), show acceptance to differing ideas, and their societies tend to have fewer regulations. Germany, for example, has a high level of uncertainty avoidance. When Germans are put in an ambiguous negotiation situation, they develop mistrust towards their counterpart. To avoid this, they find peace in sound arguments based on facts and tests. Reliability is extremely important for their relationship development process. The Chinese are on the opposite end of the index. They are very persistent and obstinate in their negotiation strategies. Their communication style can also be indirect to shame uncertainty avoidant culture (Usunier, 2019).

### **Masculinity vs Femininity**

The masculinity end of this dimension measures a society's preference for a competitive environment. This dimension also relates to the separation of emotional roles taken on by women and men in a society. The characteristics that are valued in a masculine society are generally seen as assertiveness, heroism, achievement, and material rewards. Women in these societies tend to be more assertive and dominant, but still not as much as men.



Its counterpart, femininity, prefers the characteristics of modesty and caring for the weak. If a society is feminine, it is typically consensus-oriented rather than competitive. Women and men in these societies tend to share and express the tender emotions equally (Insights, 2021).

The United States and Iran are relatively masculine countries. In Iran, men deal with the facts of a situation and women deal with feelings. Additionally, their society admires and encourages that men do not cry. Iranians also care less about the well-being and desires of others due to their high level of masculinity. This social pattern could negatively impact the possibility of reaching a mutually beneficial agreement in negotiation. Iranian negotiators will most likely address their interests and desires during discussion and avoid the focus of their counterpart's desires (Khan & Ebner, 2019).

In negotiations, Americans do not value emotions being mixed into negotiations. This contrasts drastically to Japanese culture, in which they value emotions but also the self-control of those emotions. Self-control is developed early in life and the expression of emotion is context bound. Because of these traits, they also tend to keep emotions out of negotiations, but not out of lack of value (Teodorescu, 2013). For a more generalized application to negotiation strategy, feminine societies prefer discussion and compensations in order to conclude an agreement. In masculine societies, conflicts arise in order to find a "winner" rather than to reach a mutually beneficial agreement through discussion (Dahlen, 2014). When dealing with a feminine negotiator, it is important for masculine negotiators to understand that the counterpart does not see the negotiation as competition, but rather a discussion to try and reach mutually beneficial solutions. The discussion provided by the masculine negotiator should remain polite, modest, and should try to avoid condescending wording.

**Long-Term Orientation vs. Short-Term Orientation**

The index of Long-Term Orientation (LTO) vs. Short-Term Orientation (STO) deals with the connection of a society's past actions and their future actions. Short-term societies have high value for past traditions and norms and raise suspicion when society changes. Values held by these societies are respect for tradition, protecting "face", and personal stability (Hofstede, 2011). Long-term societies like to prepare for the future and are more proactive for societal change. Values held by these cultures are thrift and perseverance (Hofstede, 2011). These societies see adaptation and problem-solving as a necessity (Insights, 2021). Additionally, these cultures are persistent in pursuing their goals and show high levels of being able to adapt to new situations.

Countries that are long-term oriented include those from East Asia, Eastern, and Central Europe. Thriftiness is a common value held by long-term oriented cultures, seen especially in Asian culture and business. Due to this behavioral trait, these companies try to capture sustainable investments that pay off over a long period of time instead of contracts that provide instant gratification. Additionally, these companies have more precise and longer planning horizons compared to short-term cultured organizations (Dahlen, 2014). Examples of short-term countries are those found in Latin America, the United States, and Australia (Hofstede, 2011). The Arab world is also a short-term oriented culture, meaning that they value tradition and could be viewed as conservative from a Western viewpoint. This is especially true in negotiation, specifically with the treatment of women. This can impact how women are greeted, addressed, or spoken to in negotiation. To send a woman negotiator on a team to this culture may hurt negotiation strategy and ultimately have a negative impact on the deal that is reached (Khakhar & Rammal, 2013).

**Indulgence vs. Restraint**

The indulgence versus restraint dimension is relatively new to the model, so there is limited research and country analysis compared to other dimensions. This dimension measures the degree of freedom a society's norms give its citizens when fulfilling their desires. Indulgent societies allow free gratification for the natural desires related to enjoying life and having fun. Restrained societies, like India, have strict social and moral norms that regulate how and when citizens can fulfill their desires through limited gratification (Insights, 2021). The two main religions in India, Hinduism and Islam, guide the ethic codes and rules that citizens must follow. Hinduism creates ethical discipline through Yama (self-restraint) and Niyama (religious practice). Ethical guidelines are also created through the five pillars of Islam. These are outlined in the Qur'an and provide a list of moral laws that every Muslim must follow (Fantini, 2014). Restrained cultures exist outside of religious law as well. Many Asian cultures are restrained, which is seen in the business world very frequently. They prefer tighter schedules in business settings and avoid leisure time unless it is centered around relationship building, an important part of the negotiation process for them.

Restraint is highest in East Asia, Eastern Europe, and the Muslim world. Employees in restrained cultures tend to prefer medium-term rewards like promotions of career enhancements. Negotiators in restrained societies may take longer to reach conclusions and may make decisions based on organizational goals rather than individual goals. Indulgence is highest in Latin America, Western Europe, and North America. In an organizational setting that is indulgent, employees are more likely to voice their opinions and give feedback to peers. Employees from these cultures are also more likely to change jobs when unsatisfied. Additionally, these employees expect short-term rewards and instant gratification (Fantini, 2014).

Negotiators from indulgent societies may be quicker to form opinions and decisions and may act upon individual compensation or business goals rather than those of the organization. When dealing with a negotiator from a restrained society, it is important to understand that they may not be able to make quick decisions, or they may want to negotiate for the better of the collective, rather than try and meet their own personal goals. This may lengthen the time of negotiation when an indulgent negotiator wants to quickly settle, and a restrained negotiator needs more time.

### **Reflections on Culture: GLOBE Project**

The GLOBE Project came about as a result of a review done by Robert House that found that despite the various cultural differences between countries, there is a universal acceptance and desire for charismatic leadership. House conducted research on 20 different, culturally diverse societies to test the generalizability of charismatic leadership. By 1997, GLOBE had enough data to replicate Hofstede's findings and extend those findings to "relationships among societal-level variables, organizational practices, and leader attributes and behavior" (Gunnell, 2016). The GLOBE Project took what Hofstede found and not only applied it to cultures and countries, but furthered that application to the business world and applied it to organizations and manager behaviors.

The project studied over 17,000 managers in 62 countries. Across multiple studies, they discovered nine dimensions that help categorize the differences between national cultures (GLOBE PROJECT, 2020). As three of the nine dimensions (power distance, uncertainty avoidance, and institutional collectivism) identified in this project are similar, if not identical, to those identified by Hofstede, they will not be repeated. The GLOBE Project also added three new dimensions: performance orientation, assertiveness, and human orientation. Additionally,

GLOBE divided individualism versus collectivism into two separate dimensions: in-group collectivism and institutional collectivism. This is due to the strong social distinction between those who are in groups and those who are not that was found during this study. The GLOBE study has also created a new discussion for how differences in culture not only affect behaviors in the workplace, but also leadership behavior specifically. The findings suggest that different cultures favor different characteristics in leaders, but achievement and charisma are valued universally (Gunnell, 2016). This means that across any culture, you will find managers and negotiators that are charismatic and are high achievers, but they still may be extremely different in negotiation strategy. Thus, it is important to understand these cultural differences and be able to recognize them in discussion.

### **Performance Orientation**

Performance orientation is the degree to which a culture encourages or rewards members for innovation, high performance, and excellence. Nations with high performance orientation value materialism and competitiveness, influencing them to invest in training programs for employees to promote organizational improvement and boost employee performance. They also prefer direct and explicit communication patterns, and think that feedback is helpful and necessary for performance enhancement. Those with low performance orientation value relationships and harmony with the environment. Additionally, they expect indirect and subtle communication methods, and they view feedback as judgmental rather than helpful (Virkus, 2009).

Many European and South American countries fall into this category along with the United States. Examples of cultures with low performance orientation are Russia, Greece, and Argentina (GLOBE PROJECT, 2020). The value for competitiveness in this dimension can be

compared and contrasted with the value for competitiveness in the masculinity dimension of Hofstede's cultural dimensions. Many European countries have high performance orientation scores, especially Germany. German negotiators put significant effort into their work, and performance orientation is one of their most pronounced cultural values (Khan & Ebner, 2019). In negotiation, this may mean that Germans will push for their personal goals over an agreement that is mutually beneficial, especially given their high individualism and assertiveness. It may be difficult to reach an agreement if there is a push for something against the agenda of a German negotiator.

### **Assertiveness**

Assertiveness is the degree to which members of society are combative, aggressive, or forceful as opposed to empathetic and cooperative in their relationships with others. In countries with high assertiveness, communication is very direct and explicit. These individuals are encouraged to compete and take initiative. The United States and Germany are two examples of countries in this category, while New Zealand is an example of a nation with low assertiveness (GLOBE PROJECT, 2020).

This dimension aligns well with the masculinity dimension described by Hofstede, in which it is maintained that masculine societies value assertiveness. Iranians and other Middle Eastern countries value and emphasize assertiveness, competitiveness, and achievement in the larger society. However, they have very strong emotions and values for sympathy in their immediate families and in-groups. Some Western countries, like Germany, have high assertiveness to the point where it could be seen as offensive to some cultures that are concerned with saving face (Khan & Ebner, 2019).

Managers in low assertive nations are encouraged to look for group consensus in decision-making. They typically do not like to make major negotiation decisions by themselves and rely on the opinion of the collective. This could be frustrating to high assertive cultures that have negotiators make the decisions themselves.

### **In-Group Collectivism**

This dimension describes the degree to which individuals express loyalty and pride in their small organizations or families. Comparable to Hofstede's individualism versus collectivism, in-group collectivism measures the integration of members in a society, specifically that integration within members' in-groups. In societies with high in-group collectivism, families take pride in each other's accomplishments and the children tend to take care of the elderly. The duties and obligations of their in-groups guide individuals' behaviors. Strong distinctions are made between those who are in groups and those who are not (GLOBE PROJECT, 2020).

Iranians have very strong in-group collectivism, specifically with their families. They are very involved with their immediate and extended families, and this could help in negotiations. A negotiator could be put ahead by asking about their families in the relationship building areas of the negotiation process. This could be contrasted against Germany, which sits below global averages in both in-group and institutional collectivism. Trying to discuss family and friends to build relationships may not work as well as just discussing their general interests (Khan & Ebner, 2019). Japanese negotiators prefer to have the consensus of the group before making a decision. The decisions are reached with little to no individual acknowledgement, and individual group members are willing to change positions for the sake of maintaining group harmony. The in-group behavior causes the Japanese, and other cultures like theirs, to avoid on-the-spot decision-making. This delay can frustrate Western negotiators that want to make negotiation decisions in

that moment (Teodorescu, 2013). This frustration is comparable to the frustration seen by high assertive cultures that prefer to make immediate decisions when negotiating with low assertive cultures that prefer to make decisions with the group and at a slower pace.

### **Future Orientation**

This dimension describes the degree to which cultures value delayed rewards and planning over short-term rewards. This is comparable with Hofstede's long-term orientation versus short-term orientation dimension, but there is a key difference: Hofstede's dimension looks at past (STO) versus future (LTO) thinking, whereas GLOBE's dimension focuses on capturing present versus future thinking.

Countries that have high future orientations reject the status quo and prefer to plan. They are less spontaneous and prefer to live for the future rather than for the present. These cultures also encourage investments for future payoffs compared to immediate consumption. They would be seen as long-term oriented in Hofstede's dimension. Switzerland and Canada have high future orientations while Argentina and Russia have low future orientations (GLOBE PROJECT, 2020). Japanese managers have high future orientations and view companies as eternal structures, whereas American managers think in time frames that emphasize short-term goals and the present; they try to maximize profits in the time frame of a contract rather than invest in long term relationships with companies (Teodorescu, 2013). Negotiators on both ends of this index need to understand that an agreement must be made in a timely manner to please those who are short-term oriented. However, they must also acknowledge that a relationship must be built, and that the negotiation process is always more than a one-time contract negotiation. Any deal made with another company opens opportunities for future business and relationship opportunities that



could lead to negotiations with the connections of that company. It is key to not only get a deal, but to also create business connections that can be used in the future.

### **Humane Orientation**

Humane Orientation measures how countries value, encourage, and reward its members for being caring, altruistic, kind, and fair towards others. High humane oriented nations have individuals that are responsible and rewarded for promoting the wellbeing of others, instead of the government providing most of the social or economic support. The people in these nations are very friendly and tolerant of mistakes that others make. Examples of highly humane nations are Ireland and Egypt, while France and Germany are examples of low humane oriented nations (GLOBE PROJECT, 2020). Low humane oriented nations exhibit behaviors surrounding one's own self-interest. People in these cultures are motivated by power and material possessions.

The implication of a highly humane culture is that their negotiators will try and remedy what is mutually beneficial, rather than pushing for what is in their organization's, or their own, best interest. Additionally, cultures with high humane orientation are more likely to be tolerant of the differences in other cultures. For example, a culture that is monochronic (enjoys keeping a strict schedule and agenda) yet high in humane orientation would be more tolerant and understanding of a culture that is polychronic (often late, little regard for punctuality, and keeps a scattered meeting agenda).

### **Gender Egalitarianism**

This measures the degree to which a society values and maximizes equality between men and women. In Hofstede's dimension of masculinity versus femininity, Hofstede measured the emotional roles that each gender possesses in a society and how those roles affect their overall behaviors. Contrasting that dimension, GLOBE measured the availability of equal opportunity

for each gender that a society provides; the former measured behaviors of each, and the latter measured a societies treatment of each. Furthermore, to contrast with human orientation, GLOBE's dimension is a combination of gender egalitarianism and Hofstede's dimension by measuring how a society rewards its members for being caring, altruistic, and kind. It combines the societal response piece of this dimension and the behavioral measurement piece of Hofstede's dimension.

In countries with high gender egalitarianism, women are in more positions of power and there are more opportunities for women to succeed in society. There is also an importance placed on providing educational and athletic opportunities for both men and women. In cultures on the other side of the dimension, women generally have lower statuses at work and receive less education. Poland and Sweden are countries with high gender egalitarianism, Japan and Italy are countries with low gender egalitarianism (GLOBE PROJECT, 2020).

Some cultures have varying business practices due to how women are viewed in their society. In Iranian culture, for example, shaking hands with women in negotiations is avoided due to Islamic rules that prohibit shaking hands with Muslim women. In other Middle Eastern cultures, touching women or sharing eye contact with them is against local customs. This makes businessmen from the Middle East uncomfortable with businesswomen that visit for negotiations. A common practice to avoid this discomfort is that Middle Eastern negotiators will often look at their female counterpart's upper lip. This allows for the reading of facial expressions and lips, all while avoiding eye contact. Lastly, in Spaniard society, male dominance is very prevalent. This dominance is seen most in upper management positions and specific industries. Women in Spanish organizations must adapt to chivalrous actions while still maintaining their dignity, gender rights, and pride (Khan & Ebner, 2019).

### **Other Cultural Differences to Keep in Mind**

There are more variables to keep in mind other than just a set of cultural dimensions within negotiations. Some aspects of culture can decide how information is transferred or interpreted during a meeting. As such, understanding general cultural frameworks such as high or low context cultures or monochronic versus polychronic cultures are essential to successful negotiations. Additionally, aspects of relationship building such as saving or giving face, and embracing cultural customs such as gift giving are sometimes necessary to enter into negotiations and ensure their successful completion. These terms and their importance to negotiation strategy are outlined below.

#### **High Context vs. Low Context**

These two cultural variables determine how a society transfers and interprets information. High-context (also called indirect communication) cultures place important information in the context of the message, and neglect to explicitly say what they mean. In these cultures, non-verbal cues are important. The word “yes” can mean “I agree”, “I am listening”, or it can even mean “no”. Low-context (direct communication) cultures explicitly say what they want to convey and there is no need to hunt within the context to find the main points of the conversation. Japanese negotiators are from a high-context culture. They prefer to avoid conflict and maintain harmony, so they have an indirect style. This can frustrate Western negotiators because it may come off as ambiguous.

On the other hand, American negotiators have a direct communication style. They use specific language that is thorough and informative (Teodorescu, 2013). A culture’s degree of individualism can indicate if they are a high-context or low-context culture. Individualists tend to be low-context communicators and collectivists tend to be high-context communicators. This is

due to the goal-oriented trait of individualists, and the harmony-maintaining trait of collectivists (Luomala, Kumar, & Singh, 2015).

### **Monochronic vs. Polychronic**

Monochronic cultures are those that function best with maintaining strict schedules and being punctual. Polychronic cultures are those that are very flexible with time. This aspect of culture describes how different societies deal with punctuality and timekeeping. It is not unusual for individuals from polychronic cultures to be late to meetings, engage with multiple activities at once, and go off on tangents in conversation.

Some countries with a monochronic culture include the United States and Germany (Brett, 2017). Americans enjoy having a strict start and end time, scheduled breaks, and they like to deal with one agenda item at a time (Teodorescu, 2013). Some polychronic cultures include those of Latin America, the Arab world, and various African nations (Brett, 2017). A specific example of a polychronic culture is Iranians. These managers are not concerned with objective time but rather their own individual perceptions of time. They are usually doing several jobs and conversations at once (Khan & Ebner, 2019). Negotiators from monochronic cultures can start to get irritated with those from polychronic cultures, so it is important to have high patience when coming from a monochronic culture. Also, it is important to understand as a monochronic culture that time spent talking, eating, or not negotiating is not a waste of time. American negotiators are monochronic and try to maximize profits in the limited time of negotiation, whereas Japanese, polychronic negotiators see these relationship building moments as investments that will provide long-term benefits past just profits (Teodorescu, 2013). It is important to understand the value of the entire experience rather than just the contract itself in the negotiation process.

**Face**

Face is the way in which one is perceived by others, or their reputation. This is extremely important in most Eastern societies, such as China, Japan, and Thailand. In Chinese culture specifically, face represents an individual's status within a social structure. The Chinese refer to face as *mianzi*, which is the personal self-image that they carry. This is built through wealth, power, ability, and having established connections with important people in society. Additionally, it is built by avoiding negative social acts that would be unfavorable to others. To be without face, or to be shameless, is an incredibly serious accusation to make of someone. This would mean that they do not care about how society or others perceive them. They are sensitive to the establishment and preservation of face because of the attachment it has to their relationships and status. Chinese negotiators will typically have indirect communication styles in order to save or give face (Hurn, 2007). Furthermore, Chinese negotiators will often prefer to please their counterparts in negotiation, and by doing so they may not show their annoyance or disagreement with their counterpart to give them "face", and to avoid losing it themselves (Khan & Ebner, 2019). The Japanese are so concerned with saving face and maintaining self-control that it affects how they show emotions in the business world. They develop emotion management skills early in development for this purpose (Teodorescu, 2013). Westerners tend to separate the business and personal aspect of their lives, so they need to learn to understand the importance and maintenance of face before negotiating with Eastern cultures.

For negotiation strategy, it is important to understand the concept of face, and how various cultures view it, to understand how a negative or positive interaction can change face and, ultimately, the results of the negotiation. Damaging the face of Chinese negotiators can have a substantial negative impact on the relationship-building phase of the negotiation, a stage that

the Chinese, and many collectivist cultures, find most important. When damaging the relationship building stage, a negotiator will never build the appropriate amount of trust with a Chinese negotiator and will ultimately lose the deal they are trying to make.

### **Gifts**

Gift giving is a way of socializing and showing respect in some cultures. In other cultures, it may be seen as offensive, or it may even be illegal to exchange gifts. Western cultures do not like to exchange gifts because it could be seen as bribery. These cultures only allow gifts that have the company's logo or represent the status of the company. Some Eastern cultures place such a high importance on gift giving that a certain color of wrapping paper could deem the entire gift as disrespectful (Hurn, 2007).

In most East Asian cultures, negotiators will reject the gift upon first introduction. This is to avoid being perceived as greedy or impatient. Thus, when giving a gift to an East Asian negotiator, it is important to offer the gift more than once. When offered a gift by an East Asian negotiator, it is important to follow the same behavior and reject the gift at first. It is also important to say "thank you" after they accept the gift (Ciolli, 2017).

### **Conclusion**

Recognizing the importance of culture is paramount in negotiations. Just as understanding the personality of the person you are negotiating with is essential, understanding their cultural background allows negotiating partners to meet one another on an even playing field. This work to highlight the various cultural differences using Hofstede's cultural dimensions (Insights, 2021) and the GLOBE Project's cultural dimensions (GLOBE PROJECT, 2020) can be used to help establish an understanding of cultural behaviors for international business negotiations. In each cultural paradigm we presented different strategies and highlighted

different components that need to be kept in mind for negotiating tactics. In general, we see that those cultures that are collectivistic respond more positively to negotiating strategies that involve prolonged periods of time dedicated to relationship building and management. Whereas those cultures with individualistic tendencies respond differently and may view those periods of time as wasteful in regard to actual negotiation. Additionally, some cultures have varying rules regarding how to greet and address women or the giving/receiving of gifts that need to be studied before beginning negotiations.

Of course, this study is not without limits. We looked at the role of negotiations from a very limited framework of country cultural dimensions defined by only two studies. This limits the negotiation because each negotiating partner is different, despite the culture that they are a part of. It is important for business managers to recognize these cultural differences and study them, but not to use these cultural dimensions as generalizations in their negotiation. These generalizations could lead to stereotyping and potentially offensive actions that could negatively impact the formation of business relationships and negotiation strategy.

By understanding cultural boundary conditions, firms can enhance relationships with managers of varying cultures, thus enhancing business relationships and connections across the globe. Firms that can understand, highlight, and apply these differences can also be more successful in their negotiation tactics. Businesses can utilize these tactics to help create and maintain business relationships with companies and managers abroad, so long as they avoid generalization and stereotyping. These relationships can expand business operations and create opportunities for global connection, innovation, and growth.

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## Appendix

### Tables Highlighting Key Differences Between Hofstede's Cultural Dimensions (Adapted from (Hofstede, 2011))

Low Power Distance	High Power Distance
Use of power should be legitimate and is subject to criteria of good or evil	Power is a basic fact of society antedating good or evil; legitimacy is irrelevant
Parents treat children as equals	Parents teach children obedience
Older people are neither respected nor feared	Older people are respected and feared
Student-centered education	Teacher-centered education
Hierarchy means inequality of roles established for convenience	Hierarchy means existential inequality
Subordinates expect to be consulted	Subordinates expect to be told direction
Corruption is rare; scandals end political careers	Corruption is frequent and scandals are hidden
Equal distribution of income	Inequal distribution of income
Religions stress equality of believers	Religions have a hierarchy of priests
Pluralist governments based on majority vote and changed peacefully	Autocratic governments based on co-optation and changed by revolution

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**Individualist**

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**Collectivist**

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**Individualist**

**Collectivist**

Everyone is supposed to take care of him- or herself and his or her immediate family only

People are born into extended families or clans which protect them in exchange for loyalty

"I" – consciousness

“We” - consciousness

Right of privacy

Stress on belonging

Speaking one’s mind is healthy

Harmony should be maintained

Others classified as individuals

Others classified as in-group or out-group

Personal opinion is expected: one person, one vote

Opinions and votes predetermined by in-group

Transgression of norms leads to guilt feelings

Transgression of norms leads to shame feelings

Languages in which the word “I” is indispensable

Languages in which the word “I” is avoided

Purpose of education is learning how to learn

Purpose of education is learning how to do

Task prevails over relationship

Relationship prevails over task

**High Uncertainty Avoidance**

**Low Uncertainty Avoidance**

The uncertainty inherent in life is felt as a continuous threat that must be fought

The uncertainty inherent in life is accepted and each day is taken as it comes

Higher stress, emotionality, anxiety, neuroticism

Ease, lower stress, self-control, low anxiety

Lower scores on subjective health and well-being

Higher scores on subjective health and wellbeing

Intolerance of deviant persons and ideas: what is different is dangerous

Tolerance of deviant persons and ideas: what is different is curious

Need for clarity and structure

Comfortable with ambiguity and chaos

Teachers are supposed to know all

Teachers may say ‘I don’t know’

Stick with jobs, even if miserable

Changing jobs is no problem

Emotional need for rules – even if not obeyed

Dislike of rules

In politics, citizens feel and are seen as incompetent towards authorities

In politics, citizens feel and are seen as competent towards authorities

In religion, philosophy and science: belief in ultimate truths and grand theories

In religion, philosophy and science: relativism and empiricism

**Masculine**

**Feminine**

**Masculine**

Maximum emotional and social role differentiation between the genders

Men should be, and women may be, assertive

Work is above family

Admiration for the strong

Fathers deal with facts, mothers with feelings

Girls cry and don't fight, boys don't cry and fight back

Fathers decide family size

Few women are elected into political positions

Religion focuses on God(s)

Sex is a way of performing; moralistic attitudes

**Feminine**

Minimum emotional and social role differentiation between the genders

Men and women are caring

Proper balance exists between family and work

Sympathy for the weak

Both parental figures deal with facts and feelings

Both boys and girls cry, but neither should fight

Mothers decide family size

Many women are elected into political positions

Religion focuses on fellow humans

Sex is a way of relating; matter-of-fact attitudes

**Short-Term Orientation**

Most important events in life happened in the past or present

Personal steadiness and stability; good people are always the same

Universal guidelines define good and evil

Traditions are sacred

Family life guided by imperatives

Supposed to take pride in one's country

Service to others is an important goal

Social spending and consumption

Students attribute success and failure to luck

Slow or no economic growth to poor countries

**Long-Term Orientation**

Most important events in life will occur in the future

A good person adapts to the circumstances

Circumstances define good and evil

Traditions are adaptable to circumstances

Family life guided by shared tasks

Attempt to learn from other countries

Thrift and perseverance are important goals

Large savings quote, funds available for investment

Students attribute success to effort and failure to lack of effort

Fast economic growth of countries up till a level of prosperity

**Indulgent****Restrained**

**Indulgent****Restrained**


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Higher percentage of people declaring themselves very happy	Fewer very happy people
Freedom of speech seen as important	Freedom of speech is not a primary concern
Higher importance of leisure	Lower importance of leisure
More likely to remember positive emotions	Less likely to remember positive emotions
In countries with educated populations, higher birthrates	In countries with educated populations, lower birthrates
More people actively involved in sports	Fewer people actively involved in sports
In countries with enough food, higher percentages of obese people	In countries with enough food, fewer obese people
In wealthy countries, lenient sexual norms	In wealthy countries, stricter sexual norms
Maintaining order in the nation is not given a high priority	Higher number of police officers per 100,000 population
A perception of personal life control	A perception of helplessness: what happens to me is not my own doing

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