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GLOBAL NEGOTIATING – COMMUNICATION AND CULTURE

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Abstract: *Communication is the process of transmitting information. In effective communication, the message is understood in the same manner as the sender intended it to be sent. Culture is the total of all beliefs, values, rules, techniques, and institutions that characterize a population. In other words, it's what makes individual groups different. The aspects of culture that are essentially important to international business-people are aesthetics, attitudes and beliefs, religion, material culture, and language. Global negotiation is a process where each party from two or more different countries involved in negotiating tries to gain an advantage for themselves by the end of the process. Negotiation is intended to aim at compromise. The process of global negotiating differs from culture to culture in terms of language, different types of communications (e.g. verbal or nonverbal), negotiating style, approaches to problem – solving, and more. To create opportunities for negotiating, business professionals must know not only the laws, customs and business protocols of their counterparts from other countries but also understand the character of the respective country, its' society, management philosophies, demeanor, and disposition. The significance and aim of this paper is to theoretically address the connection between these terms.*

Key words: *communication / culture / negotiating / global negotiating*

1. INTRODUCTION

Before initiating negotiations in another country it is recommended to identify and overcome all the communication and cultural gaps, which will enable businesspeople to conduct their businesses with a greater degree of effectiveness. Anything that disrupts the process of communication is called noise. Noise consists of distractions that very often have nothing to do with the substance of the message itself, because it is a product of external circumstances. Various factors such as ges-

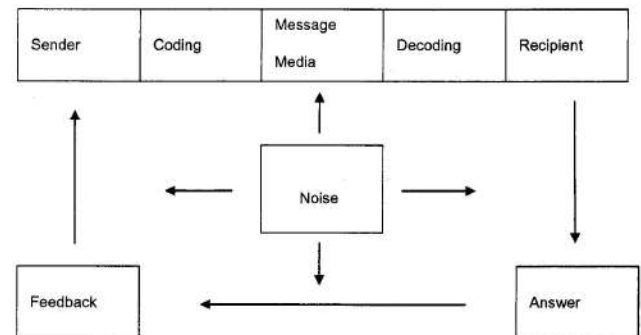
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tures, personal physical distance, and physical surroundings may unintentionally interfere with the transmission of a message. Such noise is common in international negotiating and requires awareness and effort from both a sender and a receiver, which can then guarantee clear communication. This noise can come from either verbal or nonverbal communication. Both sides in negotiation process have to put some effort in better understanding the essence of communication or culture of the other party. Besides that, businesspeople also have to be prepared, well informed and educated in terms of other culture, communication differences or other international rules. The duration and importance of negotiation can vary by culture. Knowledge of cultural varieties is the key to success when negotiating internationally. Be concerned with the way culture influences how individuals from other countries behave, feel and react. Five basic factors affect negotiations among cultures: attitudes toward time, individualism versus collectivism, role orderliness and conformity, uncertainty orientation, and patterns of communication. Lack of communication skills or cultural knowledge can do much to impair and ruin your relationship with others.

2. BREAKING DOWN THE PROCESS OF COMMUNICATION

To successfully conclude a business deal, a labor agreement or a government contract with foreigners, who are in most respects different from us, a considerable amount of communication skills is required. To successfully manage such negotiations, businesspeople need to know how to communicate with and influence members of the culture other than their own. (Saeed, 2008, p. 310) The communication process consists of several stages: 1. The sender has an idea that needs initially to be transmitted to a receiver. 2. The idea is translated into a message that is then encoded into the exact mix of words, phrases, sentences, pictures, or other symbols that best reflect the content and the purpose of the message. 3. The message is then transmitted through one or more channels of communication (a face-to-face meeting, a letter, a telephone call, or any combination of these methods.) 4. The message is received and retranslated by the process of decoding messages. 5. With two-way communication, the receiver may respond to the original message with a message of their own (feedback).

Picture 1. Elements of communication process



Source: Kotler, Keller, 2006, p. 539

Therefore, information exchange has considerable effects on negotiation process and final outcomes. For successful negotiation outcome it does not only matter how effective or clear our communication is, but also which type of communication channel or media we choose.² One study explores negotiation outcomes (profit and satisfaction) arising in face-to-face negotiations, video conference, telephone and computer-mediated communication. "Media richness" was found to impact negotiation processes and outcomes. Face-to-face negotiations were most efficient in terms of time used, while computer-mediated media were the least efficient. "Richer" media usage did not lead to higher joint outcomes, after all. In fact, differences in outcomes between media were not great. Different media usage did result in unequal distribution of profits, but face-to-face negotiations yielded the most equal distribution. Those using richer media reported the highest satisfaction. (Purdy, Nye, 2000). Medium of negotiation has also been studied in connection with national cultural context, sometimes as a means of overcoming culture-related problems arising in negotiations. One study found that when using an electronic negotiation medium, Chinese negotiating dyads (i.e. Chinese negotiating with other Chinese) reached higher joint outcomes than American dyads.

² It is interesting that today, more and more businesspeople are conducting their negotiations electronically – by telephone, fax, e-mail, or videoconferencing. The internet is one of the most powerful tools because it offers quick and easy negotiating opportunities among the stakeholders. However, it requires more openness, accuracy, promptness and trust in business communication.

Both dyads reached higher outcomes than they did in face-to-face negotiations, though. (Potter, Balthazard, 2000).

2.1. VERBAL COMMUNICATION: DIFFERENT APPROACHES OF WORDPLAY

In spoken and written communication, using the wrong words or incorrect grammar is not the only concern. The meaning of the message often depends on the context – the set of circumstances surrounding those words. Sometimes culture is not primarily defined in terms of national culture, but in terms of collectivist or individualist culture, or high- or low- context culture. People may understand communication patterns in terms of high-context or low-context. In a high-context culture, information is included in the context of the message, with little meaning communicated in the explicit words of the message. Individuals from the high-context cultures place a greater responsibility on the receiver than on the sender. The receiver's responsibility is to understand the intent of the message from the context in which the message was sent. High-context cultures emphasize interpersonal relations in deciding whether to enter into a business relationship or not. In these countries, meetings are often held to determine if the individuals can trust and work comfortably with each other. The following countries are examples of a high-context culture: African, Arab, Brazilian, Chinese, Filipino, Finnish, French, French-Canadian, Greek, Hungarian, Indian, Italian, Japanese, Korean, Latin American, Russian, Spanish, Thai, Turkish. If we are talking about low-context culture, the words the sender uses explicitly convey the message to the receiver. It is important to say that in such cultures they significantly emphasize the specific terms of a transaction. Here are some low-context cultures like: American, Australian, English, English-Canadian, German, Irish, New Zealand, Scandinavian. In low-context communication, it is assumed that the listener knows little and must be told everything. On the other hand, in a high-context culture, a listener is knowledgeable and does not require background information. (Capela, 2012, p. 169-171) Communication between high-context and low-context culture is characterized by a lot of impatience and annoyance, because the low-context individual may provide more information than is necessary, whereas the high- context individual may not provide enough.³ Therefore, they have to meet halfway.

³ For example, experts say when sending e-mails across cultures, avoid ambiguous messages, be specific, and provide background and context for the message to avoid misunderstanding. It is also a good idea to summarize the message in different words to clarify.

2.2 NONVERBAL COMMUNICATION: LOOKING AT VISUAL SIGNALS

Non-verbal behavior represents communication other than verbal. It implies the way negotiators express words rather than the words themselves. Non-verbal behavior conveys multiple messages, many of them are responded to at a subconscious level. Negotiators frequently respond more emotionally and powerfully to the non-verbal than the verbal message. As with verbal behavior, non-verbal behavior also differs considerably across cultures. (Sae, 2008, p. 316). Experts say that unspoken language is often just as crucial as the spoken or written one. Nonverbal communication can tell businesspeople something that the spoken language does not – if they understand it. It is sometimes called body language. Non-verbal behavior subsumes tone of voice, facial expressions, body distance, dress, gestures, timings, silences and symbols. (Adler, 1997). It is good to begin this part of paper addressing gestures first. Gestures could vary from culture to culture. They have completely different meanings and the best way to generally understand that differences are to give specific examples. For example, Americans and most Europeans understand the thumbs-up gesture to mean "all right", but in southern Italy and Greece, it transmits message for which we reserve the middle finger. This might lead to a very unpleasant situation for both sides during the negotiation process. Then there are conversational distances as part of nonverbal communication. The distance you stand from someone else frequently conveys a nonverbal message. In some cultures, it is a sign of attraction. In others, it may reflect status or the intensity of exchange of crucial facts. General appearance and dress is the next one. As we live in a material world, physical appearance is the essence of the first impression. All cultures are concerned with how they look and make judgments based on someone's physical appearance. We should consider differing cultural standards on what is attractive in dress and what constitutes modesty. In the U.S. the naked eye could see their carelessness and neglect about this matter. They are traditionally not interested in how they look and, from a cultural point of view, are generally not considered a very stylish nation. On the other hand, the French or the Italians have that status and etiquette. When it comes to posture, we can say that cultures interpret body posture in different ways like bowing is an indicator of rank in Japan, while slouching is considered extremely rude in most Northern European countries. Having your hands in your pockets is disrespectful in Turkey. Sitting with legs crossed is considered offensive in Ghana and Turkey, while it is characteristic of femininity and grace in most Southeastern countries like Serbia or Croatia. It is also interesting that showing the soles of your feet is offensive in most Asian countries - like Thailand or Saudi Arabia - due to their specific religion

and cult. Different cultures can attach different meanings to facial expressions. In most cultures, smiling, crying, or showing anger or disgust is similar everywhere, however, the intensity of the expression varies from culture to culture. Many Asian cultures, suppress facial expressions as much as possible. Many Mediterranean cultures exaggerate grief or sadness, whereas most American men hide grief or sorrow. And some cultures see too much smiling as a sign of shallowness. Paul Ekman and his associates developed Facial Action Coding System (FACS) that describes the movements of the facial muscles used to express different feelings. Paul Ekman conducted a study in an isolated community in New Guinea, whose residents had not previously had contact with the outside world. When they were shown pictures that are expressing six different emotions (happiness, sadness, angry, abhorrence, fear and surprise) the residents of New Guinea were able to recognize all those emotions. All his results and other similar research works serve to substantiate opinion that the expression of emotion is inherent for all living beings. (Gidens, 2007, p. 91). On this way, they have tried to introduce more accuracy in this field that is open for inconsistent and contradictory interpretation. The issue of emotions should not be ignored in the negotiation process. They found that negotiators were more willing to concede if they perceived the opponent as angry, although adjustments of demands were not as great when the perceived angry party made large concessions (Van Kleef, De Dreu, Manstead, 2004). In another study by the same authors it was found that negotiators were only affected by the other party's emotions when there was low time pressure, since time pressure reduced the degree of information processing. It was also found that the emotions of the other party were most influential when the negotiator had low relative power. (Van Kleef, De Dreu, Manstead, 2004). Touching is also a part of the nonverbal communication. Each culture has a clear concept of which body parts one may or may not touch. The basic meaning of touch, according to the world literature, is to control, protect, support, attract or disapprove. Consider the following: Islamic and Hindu cultures do not touch with the left hand. To do so is a social insult. The left hand is for toilet function only. Islamic culture generally do not approve of any touching between genders, even handshakes. But, these cultures consider touching between people of the same sex, including hand-holding and hugs as appropriate. Many Asians do not touch the head at all. The head is considered to be the house the soul, and a touch could put that individual in jeopardy. In general, people from China, England, Germany, Japan, and Scandinavia are emotionally restrained and have little public touch. Countries that encourage emotion (Jewish, Latino, and Middle Eastern) accept touches from time to time. Finally, in the U.S. eye contact indicates attention or interest, influences persuasion, communicates emotion, and

defines power and status. It is important in managing others' impression of you. It also shows that you are interested in some matter or that you are at least friendly, kind or generous. To succeed in business in Korea, for example, a person needs an extraordinary skill to read nunchi which means the look in a person's eyes, the nonverbal reaction of a person to a question (Sae, 2008, p. 311). But as a sign of respect, African, Caribbean, Japanese and Latin American cultures tend to avoid eye contact while in Arabic cultures, prolonged eye contact shows interest and helps people understand the truthfulness and good intentions of the other person. As a consequence, an individual who does not reciprocate can be seen as untrustworthy or even a bad person.

3. HOW NEGOTIATIONS DIFFER AMONG CULTURES

Negotiation is conceived as a process in which at least one individual tries to persuade another individual to change his or her ideas or behavior and it often involves one person attempting to get another to sign a particular contract or make a particular decision. Thus negotiating implies a process in which at least two partners with different needs and viewpoints need to reach an agreement on matters of mutual interest. Negotiating becomes cross-cultural when the parties involved belong to different cultures and therefore do not share the same ways of thinking, feeling and behaving (Casse, 1981, p. 152). A number of studies examine factors that determine success of cross-cultural negotiations. Herbig and Gulbro are frequent writers in this area. One of their studies argues that negotiators must devote time to the process, must be well prepared, and must improve knowledge about the other party's culture to improve chances of success. Large firms were found to be more successful in this endeavor than small firms (Gulbro, Herbig, 1996). We could also analyze time influences and the pace of negotiations. Negotiation tactics are important when one party is under time constraint. For example, attitudes toward time can create friction for many Americans overseas. It is very usual for Americans to say one of their famous phrase "Time is money," when they have to emphasize the importance of the time, but in many countries around the world, time is not so crucial. In Latin America praxis is to use different phrases which include the opposite words like *mañana*⁴ - tomorrow, later, not today - that has the opposite meaning to the American attitudes toward time. Cultures differ a lot in their use of time. Americans, Australians, Germans, and the Swiss are usually fast-paced and extremely punctual, with no space for delay. A negotiation session that is to start at 11 a.m. on Monday will start exactly at 11 a.m. on Mon-

⁴ (Mañana = surra, prim. prev.)

day. On the other hand, in Latin America, starting a negotiating an hour late may be considered normal and in some cases expected. Even though some meetings always start late, a foreign visitor should still be punctual. However, it can cause misunderstanding and even be annoying among counterparts. It could sometimes lead to a high possibility of postponing or even quitting from further business cooperation and talks.

The pace of negotiations in the U.S. is shorter than in most other cultures. Americans tend to spend little time in orientation and fact-finding, compared to some of their international counterparts. But other cultures take the time to build relationships. If you do your cultural homework you will expect that relationship-building phase, and you will know that the other party will not rush into a decision. The American preoccupation with deadlines can be a crucial liability when you are negotiating with individuals from other countries. One study focused on the effects of time pressure and accountability on competitiveness of interaction and outcome. It was found that when negotiators negotiated only for themselves, time pressure made them less competitive and a greater proportion of negotiations lead to an agreement. When negotiators negotiated on behalf of "constituents", however, the opposite was found. Time pressure resulted in more competitive behavior and a lower proportion of agreements (Mosterd, Rutte, 2000). Furthermore, looking at individualism or collectivism has also significant meanings for effective negotiations. In a society that favors individualism, people are supposed to take care only of themselves and their families. Some researches of the world famous economists say that Americans tend to want the individuals to succeed. So in the U.S., the negotiator usually negotiates for the top person who represents the company or belongs to the top management. It is recommended to talk directly to the decision-maker because people do not want to waste their time on anyone who is not. This might be an evidence of the postulate and favorite American proverb that time is money. But, in societies that emphasize collectivism, the good of the entire group is put ahead of one's individual needs. In Japan, the emphasis on the group helps explain why Japanese are slow at making decisions. In a collectivist or group-oriented culture, the group must be convinced. They also believe that a few heads is better than one. Countries with generally individualistic cultures include, Australia, Canada, England, France, Germany, Holland, Ireland, New Zealand, and the U.S. Places with generally collectivist cultures include Argentina, Brazil, China, Egypt, Greece, Hong Kong, Italy, Japan, Korea, Lebanon, Mexico, Portugal, Scandinavia, Singapore, and Taiwan. Some researchers also studied the method and degree to which negotiators are held accountable for their actions in negotiations and negotiation outcomes. One study found that accountability pro-

duced not necessarily competitive behavior, but the type of behavior most normative for an individual considering his or her socio-cultural context. In other words, accountability enhanced competition for individuals in high individualism contexts, while it reduced competitive behavior for individuals in highly collectivist contexts (Gelfand, Realo, 1999). I will now move on to the next possible cultural barrier in the negotiation process - understanding of the role orderliness and conformity in some cultures are characterized by a high need for order and conformity. These countries place a great deal of importance on how things are done more than on the heart of things. Formalities help establish friendly relations, which many cultures consider necessary for business negotiations. The Japanese, for example, pay a great attention to the presentation of business cards. They also emphasize the relationship, as they belong to the collectivist culture and foster the community spirit, and getting to know the other person brings order and predictability to the negotiation process. On the other hand, negotiators from Canada, Germany, Switzerland, and the U.S. place a greater emphasis on the content of the negotiations than on the procedure. People from these countries are more comfortable with ambiguity. Uncertainty orientation refers to the degree to which members of a society feel threatened by ambiguity and are reluctant to take further risks. People in cultures with high uncertainty avoidance, such as Argentina, Belgium, Japan, and Spain, tend to minimize the occurrence of unknown and unusual circumstances and to proceed cautiously and follow rules, laws, and regulations, which will then secure success. Conversely, in a low uncertainty-avoidance culture, such as the U.S., one tends to accept and feel comfortable or relaxed in unstructured situations or changeable environments and may try to have as few rules as possible. And now the last, but not the least significant part of negotiating differences among cultures is the importance of paying attention to patterns of communication. Differences in communication patterns significantly influence the international negotiation process. Elements of directness and drive are essential for business success in the U.S. However, many people from other cultures see those behaviors as brush and rude. Individuals from high-context cultures may perceive this approach as aggressive, insensitive or even violent (Capela, 2012, p. 174-175). That is why negotiating today is considered as one of the single most important global business skills. The saying: 'When in Rome, do as the Romans do' is an indication of our awareness that to succeed in international negotiation we need to suppress our ethnocentric tendencies (Sacc, 2008, p. 310).

4. CONCLUSION

Negotiating is the process that businesspeople follow in attempting to get someone to do what they want them to do or obtain a benefit for themselves. The steps in the negotiation process are described in different ways by different authors. At least three steps are traditionally identified, including (1) planning or preparation, (2) negotiation, bargaining, interaction etc., and (3) striking a deal. Some scholars suggest other steps, such as relational positioning, identifying the problem, generating solutions, and reaching agreement (Adair, Brett, 2005). It entails communicating back and forth for the purpose of reaching an agreement that is acceptable to both parties, with the emphasis on win-win position. Information is power, which is as critical in the early stages of negotiations as in the last one. When people negotiate with individuals from other countries, they are likely to notice a lot of differences in their business culture and etiquette. Preparation for negotiation is extremely important only when one knows exactly what he/she wants to get from that potential agreement. All cultures have a set of attitudes and beliefs that influence nearly all aspects of human behavior. These attitudes and beliefs help bring order to a society and its individuals, and pave the way for the entire social milieu of a country. The more businesspeople understand these attitudes and beliefs, the better they are equipped to work with people from other countries. The growth of international business has been clear and dramatic as we entered into the globalization and transnational business area. In another study, Saeed (2005) concluded that there has been a spectacular watershed in the world economy which is largely precipitated by the phenomenon of globalization. In other words, we are moving increasingly further away from a world in which national economies were relatively isolated from each other by barriers to cross-border trade and investment; by distance, time zones and language; and by national differences in government regulation, culture, and business systems. And we are moving toward a world in which national economies are merging into an interdependent global economic system, commonly referred to as globalization.

Also, we live in a period of improved technologies and communication media, bringing greater opportunities for tremendous interacting with people around the world. Unfortunately, this also increases chances for misunderstanding more than ever. When doing business internationally, communication takes places between individuals, not cultures. However, cultural awareness will assist businesspeople in predicting how people in certain culture will act, negotiate, and make decisions. It is essential to have some specific communication skills and to be well-rounded in terms of knowledge of the world culture (to know how or whether to use verbal

or nonverbal communication, to know whether to be late or be punctual, to know whether to speak to the top management or member of a team, etc.). Understanding how someone addresses an issue or even simply how that person goes about making decisions based on communication or cultural grounds will give you an edge. "Cross-cultural negotiations can be very intricate, as each culture, whether it is a high or low-context culture, has its own distinctive approach relating to not only the negotiating process but their individual and religious practices, idiosyncrasies and expectations, with each culture cohered to their own norms, values, laws and beliefs, impacting on the outcome of the agreement" (Saeed, 2008, p. 310).

GLOBALNO PREGOVARANJE – KOMUNIKACIJA I KULTURA

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Sažetak: *Komunikacija je proces prenosa informacija. Da bi komunikacija bila efektivna, neophodno je da poruka bude shvaćena na isti način na koji pošiljalac namjerava da bude shvaćena. Kultura je skup verovanja, vrednosti, pravila, tehnika i institucija koje karakterišu jedno društvo. Drugim rečima, ono što individualne grupe čini različitim. Aspekti kulture koji su esencijalno važni za poslovne ljude jesu estetika, stavovi i verovanja, religija, materijalna kultura i jezik. Globalno pregovaranje je proces u kojem svaka strana iz dve ili više zemalja biva uključena sa ciljem da obezbedi za sebe sve prednosti na kraju procesa. Pregovori treba da imaju za cilj kompromis. Proces globalnog pregovaranja se razlikuje od kulture do kulture u jeziku, različitim vidovima komunikacije kao što su verbalna ili neverbalna, u stilu pregovaranja, u pristupu rešavanja problema i slično. Da bi se stvorile mogućnosti za pregovore, profesionalci iz poslovnog sveta ne samo da treba da poznaju zakone, carinske i poslovne protokole svojih kolega iz drugih zemalja već i da razumeju karakter zemlje, njeno društvo, filozofiju menadžmenta, držanja i raspolaganja. Značaj i cilj ovog rada ogleda se u teorijskom prikazu veze između gorenavedenih pojmova.*

Ključne reči: *komunikacija / kultura / pregovaranje / globalno pregovaranje*

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