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ECONOMIC FACTORS AS ONE OF THE INTERCULTURAL FEATURES NEGOTIATING IN INTERNATIONAL MANAGEMENT

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Abstract

Cultural varieties between negotiators are constant in international business negotiation processes. In our modern world, there is a rapid development of international connections in all kind of spheres of human activity. The major aim of this study is to analyse and develop knowledge on the characteristics of intercultural negotiation that will give opportunities to the national representatives to be determined to their particular types of cultures, as well as to endow the characteristics of different countries in some business spheres.

On a regular basis, in order to manage the expectations of the other party to the negotiations, it is important to discover the values of the associated partner at the supply stage and to try to manage all the information in the negotiation process, understanding the values and context of the other party involved in the negotiation process in the right place in order to make somewhat useful expectations from the other side, which would help to escape new conflicts in various business bargaining processes.

In general, is notable from everyone that culture impacts the time, the style, and the course of the negotiation process. If prevented, cross-cultural connections may weaken an organization's position in the market, protect it from fulfilling its purposes and eventually lead to reverse of negotiation.

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The research paper is focused in the scientific discussion part on the impact of intercultural negotiations on the international business environment, it can ensure inspiration and guidance for entrepreneurs, as well as helping them to understand the complexity of economic factors as one of the intercultural negotiating features which is of more interest for the students who are working on cultural diversity and its impact on business. This research thoroughly connects the characteristics of various national cultures with different areas of international business and tries to show the relationship and complexity of international negotiation issues in different contexts. The article should be useful resource for experts, students and researchers who are conducting more research in this sphere.

Keywords: *intercultural negotiation; economic factors; globalization; business negotiation.*

JEL Classification: M₁₄

Introduction

The only treasure of a human being is his memory. Only in it is his wealth or poverty. – Adam Smith

In the last 10 years, the number of transnational enterprises is significant but increased, the economies of the countries have approached one another and are becoming to a significant degree interdependent. Today, we see an active exchange of knowledge and technologies between different countries. Rapid development – means of tourism, communication, cancellation barriers and expansion of borders – has contributed to the rapid development of international exchanges. All of these kinds of factors have frequency of interrelations between businessmen, researchers, specialists, scientists. At this point, I would like to mention that not the number of meetings is increasing steadily various cultures with different elements of our society such as literacy, values and religion. But, in spite of this, they achieved in conducting a successful joint business. It is necessary to understand and estimate the various cultural systems in order to be able to adjust to them. [3, p. 67]

Although business is more integrated into the global marketplace, where it responds to its needs, the current communication problems at the international level have been progressively widespread. Today, in a progressively competitive global



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economy, it is difficult for the successful business hazard to drive business purely within the safe restricts of a single local business environment.

Variations in negotiation styles arise from the fact that each society places different degrees of need in negotiation strategies, relationship development, time and space orientations, decision-making methods, contractual practices and illegal behaviours such as corruption [1, p. 19]. More successful negotiation not only demands obtaining technical communicative capacities, but also an understanding of the context of the negotiation by both parties from the table [2, p. 38].

This research paper will review theoretical background to intercultural negotiation in the first part, then the research methodology will view and analyse the international experiences on intercultural business negotiations, as well as finding economic factors in negotiation process within the interaction of various cultures in the last part. It also investigates the impact of information exchange and the influence of expectancies management in solving various conflicts in business negotiation process. The main problem in this research is that scientific literature has not analysed enough the impact of information exchange and management of expectancies on solving of conflicts in cross-cultural business negotiation environment. The main aim of this study is to carry out comparative analysis of worldwide literature on economic factors of cross-cultural negotiation process in different work environments. I have applied the comparative, systematic, observational and survey based analysis and synthesis of scientific literature research methods in this study.

Theoretical background: Understanding of intercultural negotiations

Since all human intercommunication are immanently intercultural, one can correctly consider that even the meeting among two persons is an intercultural task since both of them have various ways to comprehend, name and recombine reality. [13, p. 23] Negotiations with a family member, employer, fellow employee, friend, official, union representative from a different foreign country and so on are to a broad extent defined by intercultural factors.

In general, business negotiations do not seem as games of words. In fact, they are ferocious battles of tactics and wits. To win such a battle with foreign nationals, one needs to get himself acquainted with their respective negotiating style.

Homogeneously, all people communicating with people from various cultures often feel 'forgotten'. Hereby, lacking beliefs, familiar attitudes, behaviours, structures or procedures that form day-to-day communications, all those who are in



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intercultural environments often become less oriented, make mistakes and spend energy and time only surviving rather than realizing and appreciating the variety of things they overcome. [15]

Negotiations are affected by factors such as actions and communications contained in the act of neglect, pre-existing factors around cultural relationships or traditions, and special situational environments in which the negotiation is kept captive.

Intercultural negotiations are a process of communication between the parties involved, between people with different cultural values, faith, needs, where they are assumed to be direct connections between people and other communities, as well as their shapes of communication.

It is a fact that this concept was introduced in the '50s by the American cultural anthropologist Edward T. Hall, who conducted a different number of studies confronting the characteristics of various cultural groups and emphasized their communicative and cultural characteristics. G. Traiger and E. Hall defined this concept as following: *And the real goal to which a person should strive in his desire is to adapt as best and as effectively as possible to the world around him.* [2]

According to this approach, they wanted to say that man's desires are not excisable, to achieve goals, a person is looking for ways how to achieve it. It is known that most people in different countries move from one country to another, i.e. in the countries of Europe, USA, Canada, etc. because people have the barriers which they are studying in order to overcome these impediments. After all, people can adapt to any situations if they are satisfied. Most people seek to leave their country in search of a better life for themselves and their loved ones. And thus there are interethnic, intercultural countries such as USA, Canada, Russia, a number of countries in Europe, etc.

If you are like most people, you sensible understand that cultural varieties are likely to become a factor in negotiation processes. So, books, television shows, films and personal experience assist to form *intercultural negotiating* templates or *schemas* that ensure a fast, easy way of reading a foreign partner. Preferably, our goal of intercultural negotiation helps us avoid mistakes when negotiating with a foreign partner, and to understand a negotiating manner that might otherwise be confusing. [16]

According to negotiation and culture behaviour, a direct connection can be supervised. There are cultural varieties in the manners that negotiators use to approve a strategy. Understanding these varieties can help negotiators regulate their

own manners and step up their strategy. In this regards, culture influences the priorities and interests that underlie a negotiator's position, as well as the strategy of negotiations related to motivations and ways of realization. So, cultural values may uncover the affinities behind a negotiator's position.

These studies have also discovered that cultural varieties strongly affect the chosen method of negotiation, a result that is important in relation to international affairs. Hereby, one of the models employed in this study investigates the impact of culture on negotiation styles and was improved by Casse and Deol in 1985. For this research, the model's subordinate changings were the four kinds of negotiation styles such as intuitive, factual, analytical and normative. The independent changings were religion and education. In this regards, a schematic model was developed by the researcher in the context of the Asian Four Little Dragons, which looks much as the following figure:

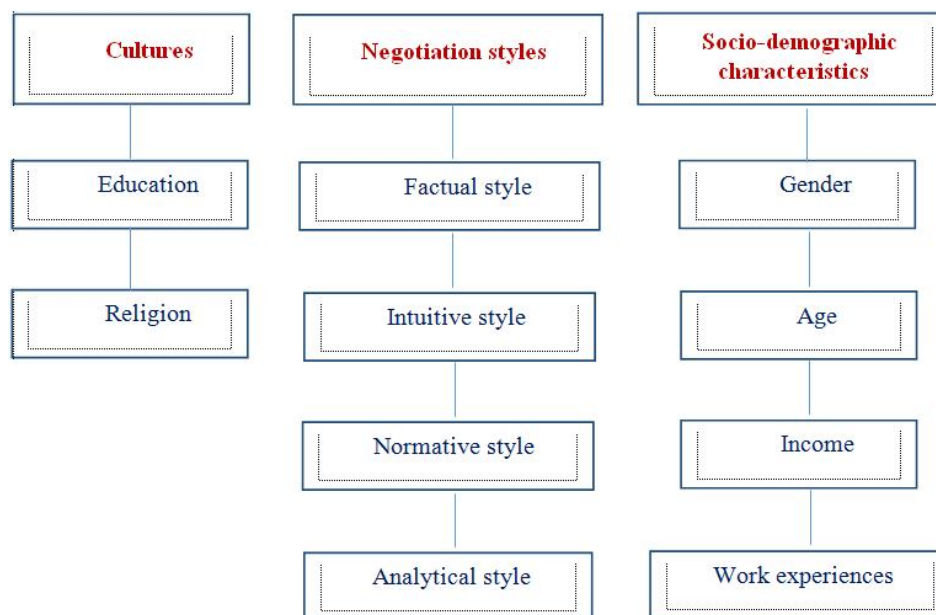


Figure no. 1. Schematic Model Depicting Relationships between Variables Related to Culture, Negotiation Styles, and Socio-demographic Characteristics

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As we know, people who are involved in the negotiation process of agreements in the international business environment come from a variety of backgrounds and have different styles of negotiation affected by their own culture. [14, p. 57-59] Due to the intelligence of cultural influence on negotiation manners, this study attempts to define the implications for international business negotiation environments and, in addition, to define future academic investigative areas.

The vast diversity of world cultures makes it impossible for any negotiator, no matter how experienced and qualified, to fully realize his work in all the cultures he would come into contact with.

Research method

The main purpose of this study was to furnish a more detailed understanding of the similarities and varieties between culture and negotiation style among different business people in different country and regions. Consequently, the main population were businessmen who were responsible in national companies in various countries.

Because the effect of culture on business negotiation processes in different regions was also the subject of this research, the study data was collected from businessmen involved in public companies in different parts of the world. The emphasis on this aspect was to highlight the fact that the data gathered fit the research goals of the study.

In this research, data was collected using an online and direct survey technique. Consequently, a huge number of the preliminary e-mail invitations for this study were sent out to provide a big enough number of online and direct survey responses. Beside it, a quantitative approach offers the opportunity to compare as well the conflicts between cultures through various organizations.

This research study explained and found the impact of economic factors on relations between cultures and negotiation styles between different states. This research begins with a discussion of the research design on intercultural negotiation, and continues with the study's instrumentation, samplings, ethical aspects, data collection procedures, data analysis methods, and evaluating of research methods in this study. [4, p. 73-74]

This research analysed the economic factors and socio-demographic features that affected the frequency of employment of different intercultural negotiation processes according to various online and direct survey, interview and observational methods.

The international experiences on intercultural business negotiations

It is true that the level of post-globalization is increasing every year and there are difficulties in intercultural business relations and negotiations around the world. Despite the fact that the borders between states are unclear, the variations at the level of national independence and business culture remain. In addition, in the multicultural society of globalization, different countries are increasingly becoming multicultural countries through a policy of multiculturalism. [8, p. 69-76]

Understanding and accepting the level of cultural varieties, i.e. organizational, multinational intercultural competence, are a key to the level of successful relationships and requires a number of tools to enhance the modern companies' efficiency, working in a multinational environment.

In the era of communication globalization, there is a dramatic increase in international economic relations between countries, the number of companies that are working only in a multinational environment growing in the world. [19] In this regard, countries highlight new ways of communicating, with new requirements for organizational culture of conducting business negotiations.

Therefore, globalization requires from the society not only a great deal of knowledge, but also an understanding that a modern business challenges those who pay little attention to the problems and intercultural characteristics that arise during business negotiations.

Whatever it says, economic globalization is a huge force. It, among other things, is also extremely profitable. Margaret Thatcher [9, p. 12]

Intercultural aspects in management, when conducting business negotiations from the perspective of achieving competence, can be viewed and applied not only by managers of transnational companies, but also by any other enterprise that works daily with customers and manufacturers from other countries, as well as those that are faced with problems arising from the interaction of various national business cultures.

The diametrically opposed national business cultures of various countries of the world community require from their international relations a deep knowledge and comprehension of the values of different partner cultures and intercultural characteristics. Let's take a look at intercultural negotiations in the context of different regions and countries.

The US is recognized as a "thawing pot" with peoples from a big variety of cultures streaming into this pot. Although the various cultures are not completely



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melted in this pot, some broad generalizations can still be mitigated about the Americans. So, Americans are looked on as jagged individuals who are going to be aggressive on the negotiation desk and seek to break away “over the crowd” in their business relations. They are altogether considered uncomplicated, get-to-the-point business people. They are light-hearted, assured, frank and venturesome in their pursuit of material benefits. They value time and laws very much. But they don’t care very much for rituals, formality and social rules. They are strong for their “package bargain” behaviour on the negotiation desk. All these characteristics of American character and business styles are the natural outcomes of a young generation, a great diversity of cultures and a global language. [20]

On the other hand, the Russians are good at playing swindles in the business negotiation process. They will always make the effort to reduce the price offered to become so low. They also will make the effort to convince you to let off the price for their good reputation. Russian people like to play mouse and cat with you, telling you that your opponent is offering a much lower price and that your proposal is in no way admissible. They may even rise to their feet and continue from the desk. Nevertheless, you don’t need get upset. They will return, for surely.

Today, The Middle East consists of countries whose population is mostly formed by Arabs. The group of Arab countries is made up of 22 countries. Their culture is formal, relationship-oriented, polychromic, and expressive.

In this regards, the Arabs are a kind of religious-based group. Most of this religious people are prone to be strict and stubborn, conservative and suspicious. In the business negotiation process, all Arabs usually get things in a comfortable behaviour and are often intentionally confused. So, they are good at the bargaining process. When they do not want to admit an offered price, they directly pay no attention to it at their negotiation desk. They may get in times of clear need, conduct the negotiation to the severe suspend or shatter their last pledges by apologizing that it is the holy order of Allah. The rich Arab businessmen are usually hospitable and friendly. They may rise from the negotiation desk to hail a friend which is regularly inadmissible in different other cultures. But the Arabs think that they should be friendly to all their counterpart or guests.

In addition, the Arabs prefer face-to-face, direct discussions, but tend not to fetch clear disagreements into a formal meeting. It is a fact that, a lot of Arabs will say they admit, but then take activities that improperly sign that they do not agree at all, expecting that the other party will get the message.

In Algeria, an American expert once said: “My customers never disagree with my advises. They do not make any effort to figure out the ones they dislike.” [5, p. 35]

The economic factors in intercultural negotiations

The economic-geographical position is a set of spatial relations of an object (cities, enterprises, countries, districts) to what is outside of it, and having a certain economic significance. [6]

Thus, we can say that the relevance of economic factors is one of the intercultural features that lead to negotiations in international governance. Intercultural competence and management are designed not only to build successful relationships with partners and create an effective enterprise in a business culture environment different from the maternal one, but can also serve as a tool for identifying development problems and increasing efficiency and the adaptability of the outside village increases in the already existing intercultural business environment. The internationalization of the economic organization of life in a global scale competence is the management of a real and objective complexity process. [12, p. 131-133]

Table no. 1. Economic Factor Analysis in Intercultural Negotiation Outcomes

Future-oriented prospects	Balanced results	Performance	Self-gain
<ul style="list-style-type: none"> • Future agreements between parties • Potential future relationship is strengthened • Joint mutual gains 	<ul style="list-style-type: none"> • Efficiency of the result: cost-effective outcomes • Outcome parity: each party gains equally (50-50) 	<ul style="list-style-type: none"> • Complete transaction, i.e. an agreement is signed • Level of performance afterward: results achieved 	<ul style="list-style-type: none"> • Self monetary gain or increased financial return



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In table no 1, we have the analysis of the economic factor, the analysis which presents four different factors identified as the results of successful intercultural negotiations. These are future-oriented, performance, balanced results and self-gain.

One of the main characteristics of the modern world market system is the progressive internationalization of economic life. [7]

Conclusions

The effect of cultural varieties on international business is not very often estimated in the business management process. Today's economy is extremely globalized, business has been much liberalized, with enterprises working both on the global and local market, having various links with people from various countries. In this context, skills of the culture of different countries are critical for successful business proceedings. To know foreign languages is no longer satisfactory, and although the language obstacle is one of the most complicated to settle, one needs to know body language, customs, symbols, values and other elements of culture. [10, p. 151-170]

A successful negotiation should initiate from recognizing the sense of variety of the members gathered round a table. If one is ready to become empathic sufficiently so as to observe the world through the other people's eyes, one may never be a proficient negotiator. If even so, no one can escape to fulfil their personal cultural probabilities and prejudice in any negotiating position. The way to be successful in cross-cultural negotiation process is by fully comprehending others, and by using that comprehension to one's personal advantage to implement what each party would like from the negotiation process, by turning the negotiations into a win to win situation for both sides.

In the international negotiation process, this is not too easy and that is because of the cultural and language barriers. Examining the partner's expectations, we need to define the resources that influence the agreements of the other negotiator and understand the transactions. As a result, companies often have customer databases in which their historical memory is recorded. Such a database can reduce the implementation time for the negotiation process and afterwards the various changes of the negotiating team are regarded as part of the information. It may depend on the local culture of the negotiator counterpart, the organizational culture,

and his experience in negotiation. This research should further investigate the process of managing expectations during the negotiations.

This research found that the theoretical explanation of intercultural negotiation is represented by the world's experiences of negotiating intercultural affairs and the economic factors in intercultural negotiation.

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