

NATURE AND EXCHANGE OF INFORMATION IN INTERCULTURAL BUSINESS NEGOTIATIONS

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-Abstract-

The influence of culture on international business negotiations is recognized by most of the specialists and researchers in the field. A more important question is to what extent and what are the consequences in agreement making. Personal values, beliefs, attitudes, behaviours and decisions too are largely influenced and determined by our own culture, but the level of its influence on the negotiation process is difficult to estimate.

Negotiation is a specific form of communication in which the parties enter into deliberately, each with supposedly clear aims and goals as well as a mutual dependency on a decision that will be taken at the end of the confrontation. Communication will have a strong influence over the development of conflict, in particular the nature of the information used and the expectations in terms of feedback. Indeed, the information transmitted during the process includes unconscious signals and the underlying affects carried on will considerably influence it, particularly regarding the level and nature of the exchange. When confronted with difficulties, negotiators have a tendency to use pressure-tactics such as threats which will increase the level of conflict and reduce the chances of reaching an agreement.

In an intercultural context the expectations of each party regarding information (in particular the interpretation of what is a useful or relevant) may lead to multiple misunderstandings and so increase the level of conflict between the parties. Drawing on concepts from several disciplines, our intention in this paper is to clarify the aspects and elements of the causal relationship between the nature

and exchange of information and conflict in intercultural negotiations in order to uncover new hypotheses for experimental research.

Keywords: negotiation, culture, information, conflict, threats, competition, cooperation.

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1. Introduction

One of the key aspects of negotiation is the presence of both conflicting and cooperative elements. The interdependence between these two poles creates several dilemmas for the negotiator in his decision-making process.

The uncertainty of the situation in regards to the other party's intentions and objectives tends to make negotiators cautious about the amount and type of information that they should exchange. The information transmitted can reveal stakes and interests with effects on the balance of power and can allow the other participant to profit from the situation.

While competitive behaviour with few exchange of information tends to induce mutual suspicion and to create an atmosphere of conflict, a cooperative attitude based on legitimate and useful information tends to promote the development of mutual trust and a mutually-beneficial relationship.

Therefore, the information used will either contribute to create a trusting relationship leading to an integrative agreement or else damage the relationship and simply reduce the negotiation to a confrontation of power. Participants in that case rely on coercive measures, using different kinds of threats or make false promises, bluff and deceive in order to establish a more acceptable balance of power.

Faced with a situation involving participants from different nationalities and cultures, negotiators have a tendency to adopt an ethnocentric attitude which comforts negative stereotypes about their counterparts and thus increase the conflicting aspects of the relationship.

2. Defining negotiation

As with many concepts, there are different angles and ways of defining negotiation. The following definition presents three essential aspects of any negotiation: the idea of a specific process, the presence of conflicting aspects, and the finality involving the participants.

"Negotiation is a joint decision-making process through which negotiating parties accommodate their conflicting interests into a mutually acceptable settlement" (Faure and Sjöstedt, 1993).

Negotiation, therefore, takes place when the following points are present:

- Two or more parties with conflicting interests
- A common need for agreement because of an expected gain
- An initially undefined outcome
- Means of communication between the parties
- A control over the decision on each side

This voluntary process involves different actors with different interests or goals and different attitudes and strategies leading to a situation where people are trying to adjust these differences in order to reach an agreement. The willingness to find a solution despite the divergence regarding the decision implies that negotiators must carefully fix their objectives –albeit with a certain amount of flexibility.

Each party in the relationship must cooperate to reach his or her objective and each party can block the other one from attaining his or her goal (Putnam, 1990). This interdependence sets up a mixed-motive relationship in which both parties cooperate by competing for divergent ends (Putnam, 1992).

While in practice negotiation is always a mix of cooperation and competition, these two elements correspond to different approaches of the relationship and also different orientations in terms of strategy, techniques, tactics and arguments employed by the negotiators with related effects and in the end leading to different outcomes. During the process, participants can become adversaries or partners depending on the quality of the relationship, the nature of the conflicting issues, of information exchanged but also because of behaviours, attitudes and perceptions.

The negotiators have to find the right balance between these two poles in order to attain a mutually acceptable solution. These two poles refer to what is called "distributive and integrative" dimensions.

3. Distributive and Integrative Dimensions

Distributive refers to the division and distribution of a specific "pie" considered as the outcome of the negotiation process, for which each participant is fighting over the largest part. It is a win-lose situation or a zero-sum game where everything

earned by one of the parties is lost by the other. Everybody wants to maximize his share of the resources which are somehow limited or fixed. Negotiation is understood as a competition where opposition is quasi-permanent and each participant seen as an opponent or enemy in a conflicting context.

On the opposite side is the integrative dimension, in which negotiators are not only concerned with their own objectives but are also interested in the other party's interests and aspirations. Also called "cooperative" or "collaborative", this kind of negotiation sees both parties trying to maximize the joint outcome, assuming that the size of the "pie" can be increased if the participants collaborate.

The situation here is a win-win type or a positive (non zero) sum game. The negotiators seek solutions which can benefit either party, or at least when the gains of one party do not represent an equal loss or sacrifice by the other. More than a pure conflict resolution, it supposes a "problem solving approach" where the participants consider negotiation as a process to find a solution to a common problem which is beneficial and acceptable for both sides through the exchange of information.

Understanding the process through this dichotomy (integrative or distributive) seems unreal as, in practice, negotiation is always a mix of cooperation and competition. As shown by Lax and Sebenius (1986), any negotiation includes both "value creating" (integrative) and "value claiming" (distributive) features.

Nevertheless, Walton and McKersie (1965) have shown that these two different visions of negotiation are related to different conceptions of information exchange; sharing useful information can help overcoming the perception of the outcome as the division of a fixed pie.

As demonstrated by Butler (1999), quantity of information shared is a primary determinant of negotiating effectiveness and the expectation of trust is a crucial condition for both sharing information and developing a climate of trust.

For Walton and Mc Kersie (1992) dilemmas due to the interdependence between these two poles arise because the tactical requirements of one sub process (i.e. distributive bargaining) are opposite to those of the other sub process (i.e. integrative bargaining).

These dilemmas consist in fixing the objectives, deciding on the level of cooperation, honesty and trust but also on the ways and means and toughness.

The decisions regarding these elements are influenced not only by the uncertainty of the situation, the objectives or stakes but also by the nature and exchange of information given from the very beginning of the relationship.

Furthermore, the existing conflict of interests can easily lead the negotiators to an interpersonal conflict depending on the strategy they choose and the tactics they use during the process.

4. A conflict of interests can hide another one

From all the elements that contribute to increase conflict and creates destructive consequences and image over the sometimes "simple" existing conflict of interests, Deutsch (1973) refers to:

- Misperception. Participants have a tendency to view things consistently with their own perspective in a very stereotypical manner; rejecting systematically what is opposed to their position.
- Emotionality. Emotions have a tendency to dominate ways of thinking and decision making if satisfying solutions are difficult to find. The participants become less rational, logical and more intuitive.
- Decreased level of communication. Participants exchange less relevant information or only information that can put pressure on the opponent.

Wall and Callister (1995) in their review of conflict literature show that within the sources of conflict, communication can have a double effect. A low level of communication and exchange of information puts the emphasis on perception and the risk of bias while extensive communication can lead to misunderstandings and contradictory elements.

The increase of conflict will have an immediate effect on the quality and quantity of information exchanged creating therefore a spiral or a vicious circle in which participants will rely even more on their perception of the situation.

In that sense, the use of specific information like threats or promises will have sometimes underestimated effects that can annihilate the chances of succeeding.

5. Threats as a very specific kind of information during negotiation

Threats can be considered in three different approaches: decision making, communication and commitment.

In the first case, the most important task is to evaluate the costs and results of the use of threats with their probabilities for both sides in the negotiation. Participants

will then decide on the use and the force of threats depending to their expectations and the consequences of using it.

The second approach considers the interpersonal relation and specially the exchange of arguments.

Watzlawic (1976) describes three conditions for the use of any threat:

The threat must be adequately serious, plausible in order to be taken into account by the other party. Then it must reach the target, must be understood by the other party. Eventually, the receiver must be able to comply.

Eventually, according to Schelling (1966), threats reveal the commitment of the negotiator. The more the threat needs the actor to be committed in order to execute it the more it is going to be credible.

Schelling (1966) distinguishes two types of threats: compelling ones which require a specific action to avoid punishment or deterrent threats which tend to prevent the target from doing something.

For most actors in negotiation, threats are considered as a possibility linked to a specific interaction and as a tactic of pressure that brings effects.

Sinaceur and Neale (2005) bringing the question of the effectiveness of threats in negotiations consider two dimensions: the degree of implicitness and the timing (the time when the threat is expressed).

To Gibbons, Bradac and Busch (1992), language has its own unique force in the negotiation process and understanding its role is critical to a complete understanding of negotiation. They identify five linguistic dimensions involved in threatening:

- Polarized language. Negotiators use positive words in order to depict their own position and negative ones when referring to the other party.
- Verbal immediacy. High verbal immediacy reflects a negotiator's desire to move close to a counterpart that is positively evaluated and then to engage and compel the other party while low immediacy language reveals the intention to move away from a disliked partner. The use of high or low immediacy is an unconscious process that can inform on a negotiator's position.
- Language intensity. High intensity language indicates strong feelings while low intensity signals a weak affect. The credibility or the intentionality of a threat (or promise) will be mostly relying on this

dimension. But, since language intensity is codified culturally (Gibbons, Bradac and Busch, 1992), negotiators from a same culture have the same consideration of what is high or low intensity while it might be different in an intercultural situation.

- Lexical diversity. It refers to the range and richness of the vocabulary that a speaker uses. High levels of lexical diversity are interpreted as more competency and effectiveness although low levels are linked to anxiety.
- High or low power language style. High power language denotes verbal dominance, interpersonal strength, on the opposite, low power style through the use of verbal hedges, hesitations or even polite forms might reveal weakness, uncertainty about a commitment.

To Gibbons, Bradac and Busch (1992), threats become more credible when the language is negative regarding the other party with high immediacy, high intensity, high lexical diversity and a high power language style.

To Dupont and Faure (1991), threats are, like influence and persuasion, a communication variable that must be taken into account especially in international (intercultural) negotiations.

6. The influence of culture on negotiation

According to Zartman (1993), the role of culture is epiphenomenal because cultural factors are more related to certain manifestations during the process than to the process itself. Furthermore, culture is often seen as a principal cause of failure in international negotiations. But explaining how cultural misunderstandings are leading to a breakdown in negotiations means forgetting that there are as many causes of failure as conflict itself because of the very nature of negotiation. Instead of showing negative aspects, a focus on successful outcomes and effective negotiations could be, according to Zartman, more helpful.

Probably the most important answer to this scepticism is that "any international negotiation is an encounter between cultures and a confrontation among values" (Faure and Rubin, 1993). The negotiator's behaviour is then influenced by his own set of cultural values and norms. Culture comes as a facilitator in the decision making process by unconsciously providing answers when the situation is new or too complex.

As a result, one of the main effects of culture on negotiation concerns the participant's perception of the situation. "Perception organizes itself from cultural lenses that cannot be modified at leisure" (Faure and Rubin, 1993).

People tend to self-servingly interpret information and have a partisan perception of the other side based on a tendency to categorize people belonging to an out-group, a different culture (Sebenius, 2002).

So culture can create misunderstandings in communication, difficulties in understanding words but also in interpreting actions.

Facial expressions, body language and also the nature of arguments lead to attributions of intent which is a common phenomenon in cross-cultural interactions where participants have difficulties in interpreting the messages from their counterparts (Wall and Callister, 1995).

According to Hall (1976), different cultures may have different information sharing strategies in negotiation. High and low context is a cultural dimension that refers to the amount of information due to the implicitness or explicitness of the message.

Weiss (1994) refers to twelve variables constituting a negotiator's profile depending on his culture while Salacuse (1999) has identified ten ways (factors) that culture affects negotiating styles. The position for each factor varies between two extreme poles providing a range of different cultural responses. Both agree on communication as a variable strongly affected by cultural background but, whereas Salacuse distinguish direct or indirect styles of communication, Weiss presents the influence of culture on communication in the process in regards to high or low complexity.

Salacuse (1999) presents "Emotionalism" as an important factor differentiating cultures in negotiation. Some negotiators will display their emotions and feelings easily, while others will be reluctant to show any signs, not because they cannot have emotions but they prefer to hide it.

Weiss (1994) also mentions emotion as an important factor but in a more general variable called "nature of persuasion" showing that some cultures will rely on feelings and intuition in order to be convinced.

Graham (1996) presents a study realised with more than ten different countries showing some significant differences on the use of verbal negotiation tactics including threats and promises. While negotiators can obtain the same levels of

outcomes in a common situation, this study reveals that the ways and means of reaching it are culturally oriented.

Triandis et al (2001) have studied the link between culture and the use of deception. They show that even if the situation and the level of stakes will influence people in their tactical choices and that cultures are never static, the appreciation of what is a lie or to what extent it can be used differs from one culture to another.

7. Conclusion and new paths for research

The influence of culture on negotiation has been demonstrated by many researchers in terms of ways of interpreting and perceiving information but also in choices concerning strategies and tactics leading to the use of specific information such as threats or lies.

Adair et al (2004) in that sense, studied the link between joint gains, information strategies and distributive tactics in six cultures, showing that power is also an important variable regarding the choice of a strategy.

Information is an important source of power in negotiation. The use of threats is a way to force the other participant to deliver useful information regarding his position of power and options. The power of commitment as exposed by Schelling (1966) can be revealed by the kind of threats used by the negotiator.

Because all the sources of power are unequally distributed and can have immediate or lasting effects, the negotiators are confronted with a balance of power that reveals itself mainly during the process, placing the interaction as the most difficult phase to manage.

But power is also directly linked to stakes and interests that can be objective or totally subjective ones (Lax and Sebenius, 1986). While some interests can be material, tangible and realised as soon as an agreement is reached, subjective ones like self esteem or reputation refer to values that can be culturally tainted.

Further searches regarding the exchange of specific information in the negotiation process in regards to cultural differences should also concentrate on how cultural values influence the level of intangible stakes and therefore lead to the use of threats.

A recent study by Olekalns and Philips (2007) shows that referent groups (cultural groups) are very important in the decision regarding the use of deception.

The anticipation of moral approbation is therefore fundamental in the use of information that could be considered as unethical.

Most of the negotiators have a tendency to complain about the unethical aspects of the tactics used by their counterparts based on the level and nature of information that is exchanged, while, as the same time, they are mostly unaware of how much their cultural norms and values influence their own vision and practices.

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