Course Learning Outcomes for Unit IV

Upon completion of this unit, students should be able to:

4. Examine the influence of culture on strategic choice.
   4.1 Describe the influence of culture on decision-making.
   4.2 Discuss how to prepare for cross-cultural business negotiations.
   4.3 Describe the five stages of the negotiation process
   4.4 Explain the variables in the decision-making process

Reading Assignment

Chapter 5:
Cross-cultural Negotiation and Decision Making

Unit Lesson

The art of negotiating is essentially a decision-making process. Some of the decisions you have to make include what an acceptable outcome entails, how you will set out your proposal, and what you are willing to concede. In this unit, you will learn about cross-cultural negotiations and you can apply all that you have learned so far about culture and how it can relate to this decision-making process.

First, interacting on a global platform means that you must understand the subtleties of negotiating across cultures. You might be negotiating with people you have never met before. You may be talking with people whose decision styles might be very different to your own. You have to know what to expect and how to frame your proposal.

Negotiations can take place between two companies or among several companies seeking contracts, acquisitions, or some sort of trading pact. As a negotiator, you have to plan carefully. You must be able to answer the questions of who, where, when, why, and what.

According to Deresky (2014), the “relationship building process… is regarded with much more significance in most parts of the world than it is in the United States” (p. 147). In the United States, people want to get down to business immediately and work things out. If you negotiate in another country, you have to understand how the negotiation process works there.

Second, you must recognize that negotiating means making decisions, which is normal for a manager, but not necessarily normal for those people at the negotiation table. In some countries, the person at the meeting is the one who makes decisions. In other countries, the person at the meeting has to take the offer to someone else who will make the decision whether to accept or not.

Problems can arise because of “differences in culture, language, and environment” (Deresky, 2014, p. 146). You can spend days in negotiation meetings if you do not fully understand these differences. Every time that you think a decision is about to be made, you might learn of some slight difference in terminology or timing that makes it impossible to complete the negotiation.

Once you have a profile of the party or parties with whom you will be negotiating, you have to consider how to gain their trust. You also have to work out the negotiation process. Deresky (2014) points out that in some countries contracts are negotiated through personal relationships rather than through legal relationships. People meet in social settings as they begin the negotiation process.
The amount of information that is shared during meetings held subsequently depends on the culture. Looking across North America, Europe, and Asia, Deresky (2014) notes that “Mexican negotiators are usually suspicious and indirect . . . French negotiators enjoy debate and conflict . . . the Chinese also ask many questions” (p. 148). That means you must plan how you will handle each situation depending on where the negotiating is taking place and with whom you are negotiating.

Throughout the negotiation process, you will be making decisions as to whether you will accept or make proposals. You have to know when to give in and when to stand your ground. Do not only consider your perspective on the issue, but think of the other party or parties and how they are viewing the issue. Throughout the process, negotiators use various methods of persuasion. They may use one of several nonverbal strategies that “include promises, threats, initial concessions, silent periods, interruptions, facial gazing, and touching” (Deresky, 2014, p. 167). Each of these tactics may be used to further propositions that are laid out by each side and can help or hurt the process.

Negotiations may also be conducted through the use of technology. The InterNeg Support Program for Intercultural REsearch (INSPIRE), a Canadian web system, was designed to help the process move along effectively and reduce the costs that companies accrue when negotiating abroad. Whether the negotiations are face to face or web based, it is essential that negotiating parties develop good listening skills.

Listening is an important part of the negotiation process. You must listen carefully when others are presenting their proposals. When it is your turn to present your ideas, do so clearly. It is best to be flexible and to be open to options others suggest. You have to ensure you have carefully noted information shared about disclosures and about any concessions that are being made. As negotiators complete their bids, they must understand how people in various cultures will honor the agreements.

As the negotiating process draws to a close, decisions are made about formalizing the agreement. Details have to be worked out and policies or procedures considered so that the agreement can be implemented. You must ensure that all the points are in the written agreement. At this point, your decision-making skills are tested.

Finally, you have to understand that “local practices determine how these agreements will be honored” (Deresky, 2014, p. 149). If the agreement you worked on is suddenly rejected by the other party, do you walk away or do you try again? Your understanding of the culture and different negotiation styles will let you know whether to draw up a legal document or to base your agreement on trust.

Reference


Suggested Reading

The article below is suggested reading that can provide further information on intercultural communication. The article can be located through the Business Source Complete database in the CSU Online Library.