

**THE IMPACT OF CULTURE ON INTERCULTURAL BUSINESS
NEGOTIATION - WITH PARTICULAR REFERENCE TO JAPAN AND
THE USA / L'IMPACT DE LA CULTURE SUR LA NÉGOCIATION
DES AFFAIRES INTERCULTURELLES: LE CAS DU JAPON ET DES
ÉTATS-UNIS / IMPACTUL CULTURII ASUPRA NEGOCIERII DE
AFACERI INTERCULTURALE – CU REFERIRE SPECIALĂ LA
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Abstract: Relying on Hall's and Hofstede's cultural dimensions and Salacuse's ten cultural elements that affect business negotiation in intercultural settings, this article assesses cultural differences between the USA and Japan and how they impact business negotiation. Cultural variation between the two cultures is also analyzed in linguistic features by examining scripts from American-Japanese business encounters.

Key words: culture, intercultural negotiation, the USA, Japan.

Introduction - intercultural negotiation

Intercultural business negotiation represents a major issue in today's business world due to the fast globalization which led to global interaction and communication, to the growth of international companies, an increasing number of cross cultural mergers and acquisitions, the building of strategic alliances and agreements. As companies expand their operations worldwide, the international business person moves around the globe, lives in several countries, operates across national borders, is multilingual and multi-faceted.

Understanding cultural diversity helps him predict the results of intercultural encounters, appreciate how people in certain cultures will speak, act, negotiate, or make decisions. Business negotiation is a main component in a world where business is negotiation. The business world is a permanent negotiation between business people who defend their own interests and negotiate in order to sell, buy, close a deal, reach an agreement, etc. Good negotiation skills involve more than the mere knowledge of business strategies and principles, or negotiation techniques. It also involves knowledge of cultural elements and their appropriate use depending on the cultural environment the partner belongs to. Culture plays a decisive role in international business negotiations. It is often compared to an iceberg as all hidden elements, if not taken into account, may lead to business failure. The outcome of any intercultural business negotiation significantly relies on the ability to handle the cultural dimension, adapt to a different culture and observe local customs, behaviors, cultural norms and traditions.

When negotiating with foreign partners, business people have to consider the special features of the international environment, identify cultural differences and factors that may influence their partners' behavior and decision-making. Negotiating with people from different cultural environments require preparation, planning, patience, flexibility, and in-

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depth awareness of the intercultural issues that may affect the negotiation process. Even when both business partners speak the same language, and basically share the same interests, it may be not enough to really understand each other and to come to the appropriate conclusions for both sides.

Intercultural negotiation also requires cultural sensitivity on both parts, which involves more than appropriate greetings, table manners, dress and business card etiquette, etc. Real intercultural sensitivity requires understanding of thought patterns, hierarchy of values and relativity of what “the right way” is. More often than not, negotiations may fail due to cultural misunderstandings than to inappropriate clothing or greeting manners. Differences in the ways of thinking and order of values may cause disagreements in intercultural business negotiations. Intercultural research and business experience have proved that the most common areas of misunderstandings in intercultural negotiations include different attitudes towards the idea of time and its importance, nature, perceived purpose of the negotiations, negotiating attitude, communication style, decision-making process, high or low risk-taking.

Drawing on Hall’s and Hofstede’s cultural dimensions and Salacuse’s ten cultural factors that influence negotiations, we attempted to assess the cultural differences within the intercultural business negotiation process, with special reference to Japan and the USA. Cultural variation between the two cultures was thoroughly analyzed on the basis of data collected from several American-Japanese business encounters. Our sample consists of scripts of the meetings and the written correspondence that followed the negotiation. Besides identifying specific cultural patterns, we also analyzed the data in linguistic features, by using the Linguistic Inquiry Word Count, a text analysis software program. Our aim was to observe if language use and variations reflect the differences in cultural patterns and attitudes.

Cultural patterns and stages in a negotiation

In intercultural negotiation, participants need to take into account the fact that they are dealing with individuals from different cultural backgrounds. Although, there are cultural patterns which work as a guideline and prevent basic intercultural misunderstandings, there are exceptions to every rule. Thus, one should adapt cultural frameworks to each individual and stay open to new experiences and practices as a great number of critical situations can be encountered. Generally, the Japanese are typically seen as polite, quiet, reserved partners, who take their time before reaching a decision, while American business people are well-known for the speed with which they close a deal, but these rules do not always apply. Directness in the Asian world is usually regarded as rudeness, and there are almost no ‘problems’, but only ‘issues’ and ‘concerns’. To say “no” may at times be equal to an offense, while phrases like ‘it could be difficult’, ‘I could try’, ‘I will do my best’ are not necessarily positive replies.

There are several stages in any negotiation, and each of them can be affected by cultural elements. According to O’Connor, the main stages in a negotiation generally include:

1. relationship building
2. agreeing procedure
3. exchanging information
4. questioning

5. options
6. bidding
7. bargaining
8. settling and concluding.

However, these stages do not occur at all times in the order given above. Each stage is culturally bound, and in some cultures some stages can occur at the same time, or not at all. Differences in the negotiation style stem from different cultural backgrounds. Thus, awareness of cultural elements can prevent misunderstanding between individuals from different cultures and eventually lead to mutually beneficial business relationships.

By examining our sample we noticed that the Japanese often spend more time for the first stage as compared with Americans who generally tend to skip it. Our finding is consistent with Hall's and Hofstede's cultural dimensions, as Asian people are known to be relationship-oriented while western cultures are more task-oriented. The Japanese take their time and consider it vital for the future business to know their counterpart better. In traditional and collective societies such as the Asian ones, where harmony and consensus have to be preserved, building up a relationship is more important than reaching a deal. The Japanese are generally known to be more subjective and experiential in their thinking, holding fast to traditional values.

Negotiating goal

The goal of negotiations widely varies among cultures. For task-oriented cultures, focused on the assignment, such as the USA, the main purpose is to reach an agreement and sign a contract, whereas for relation-oriented cultures, such as the Japanese, the primary goal is to establish and build up long term relationships which may eventually lead to a contract. In line with previous research, our findings show that the Japanese do not jeopardize a relationship over a deal, and the development of interpersonal relations is more important than a business transaction. Therefore, they spend plenty of time on building up relations, getting to know the business partner better before getting down to business. From their perspective, it is not always important to strike a deal at the end of a discussion. In opposition to the Japanese way, American culture values most a written contract in contrast to relationship-building as a negotiation aim, and prefers to get down to business straight away. We also noticed that American business people enter into a discussion with the main goal of getting a signed contract or agreement. Thus, there is a tendency to skip the preliminary stages of the negotiation process in order to reach a conclusion sooner. This way of handling negotiations may lead to misunderstandings when dealing with a Japanese business partner.

Negotiating attitude

Negotiation is the process of searching for an agreement that satisfies all parties involved. In modern times, the aim of negotiation should focus on collaboration, rather than traditional confrontation, or a winner-takes-all outcome. Parties from different cultures generally adopt a win-win or win-lose attitude toward negotiation. Win-win negotiation is a deal positive for all sides, where all parties involved make a profit. Win-lose negotiation is a confrontational deal, where only one side wins and the other loses or is forced to accept something of lesser value. However, successful negotiations entail a win-win result for all

parties involved. In order to build beneficial long-lasting business relationships, negotiators have to cooperate to achieve mutually acceptable agreements, while also competing to increase personal gains (Walton and McKersie, 1965).

In line with his values and cultural background, the Japanese negotiator will seek and develop new means of reaching mutual positive outcomes, by fostering a creative and joint approach to business negotiation. He avoids adversarial approaches and highly values harmony. Consistent with most descriptions in the literature, Japanese negotiation behavior appears to be the least aggressive. On the contrary, the American negotiator is often seen as more impersonal, aggressive, and task-oriented. All the differences we noticed in the negotiating attitude stem from different cultural backgrounds. Although there are no distinct and crystal clear patterns for each culture apart and there are always exceptions to every rule, American and Japanese negotiation styles tend to be consistent with Hofstede's and Hall's cultural dimensions: low vs high context, individualist vs collectivist, short-term vs long-term orientation. Regardless of globalization and the tendency to standardize certain practices and approaches, the cultural element is still prevailing and influences almost all intercultural business encounters.

Personal style: formal vs informal

Negotiators' personal styles are culture-related and manifest accordingly. Hence, American negotiators generally tend to be less formal than their Japanese counterparts. They address each other by their first names, while their Japanese counterparts prefer to use their titles and favor a more formal style, which is seen as a sign of respect. Thus, when negotiating in an intercultural setting, it is advisable to consider the appropriate formalities specific to each culture.

Direct vs indirect communication

American negotiators prefer a straightforward attitude and value direct and simple communication methods. They prefer to rely on specific, thorough and explicit communication. In contrast, the Japanese, who prefer to avoid conflict in order to preserve harmony, display a more indirect communication style, which can come across as elusive and ambiguous. "Indirectness is not only important, but in fact critical for Japanese people in order to maintain harmony and/or save face. Even though the Japanese have strong opinions, views, and issues on a topic, they usually avoid stating them directly, preferring to use roundabout phrases and softened statements." (Adachi, 1997: 21)

American and Japanese communication styles are in line with Hall's cultural dimension of high and low-context cultures. High-context communication style places most of the information in the physical context, with very little of it in the explicit part of the message, while low-context communication conveys the information directly and meaning is made explicit, and put into words. This view is also supported by Gibson: "In high-context cultures, such as Japan, meaning does not always have to be put into words. Non-verbal clues are important, as in the context in which the situation takes place. Even the meaning of words can depend on the context. For example, 'yes' can mean anything from 'I agree', to 'I am listening', to 'no'." (Gibson, 2010: 33)

Attitudes to time

Attitudes to time widely vary across cultures, and the way people think about and use it often depends on how their culture values time. Time has a different meaning not just to individuals but also to whole groups or cultures. Different individuals and different cultures are more or less past-, present-, or future- oriented. As Kluckhohn & Strodtbeck assert, time orientation is commonly shaped by the cultural background, as intricate socialization processes may lead to a past or future orientation. Therefore, traditional societies, such as Japan, favor a past time orientation, while modern Western societies are prone to a future time orientation.

Two different orientations to time exist across the world: monochronic and polychronic. *Monochronic* approaches to time are linear, sequential and involve focusing on one thing at a time. *Polychronic* orientations to time involve simultaneous occurrences of many things and the involvement of many people.

Previous research on business negotiation between Americans and the Japanese has proved that the two negotiating approaches are influenced by each country's culture: "Americans think in a time frame that emphasizes the present and the short-term future, while the Japanese think in a long-term range. These conceptual differences cause different perspectives between CEOs in the United States and in Japan. American CEOs try to improve and maximize their companies' profits in their limited time frame of contract terms with a company rather than considering long-term cooperation as success. On the other hand, Japanese CEOs see companies as eternal structures, and consider themselves as history-makers for companies." (Adachi, 1997: 21)

Our findings are consistent with research in the field and showed that Japanese negotiators with *polychronic* orientation to time prefer to start and end meetings at flexible times, take breaks when it seems appropriate, are comfortable with a high flow of information, expect to read each others' thoughts and minds, weigh up implicit meanings. American negotiators coming from a *monochronic* culture tend to prefer prompt beginnings and endings, to schedule breaks, to deal with one agenda item at a time, generally rely on specific, detailed, and explicit communication, and prefer to talk in sequence.

Verb tenses used in our sample showed a higher frequency of past tense for the Japanese corpus, and a lower rate for the American sample (see Figure 1). Therefore, language use in terms of tense choice is consistent with the above statement that Japan is a past-oriented culture, with strong ties in the past, compared to the USA.

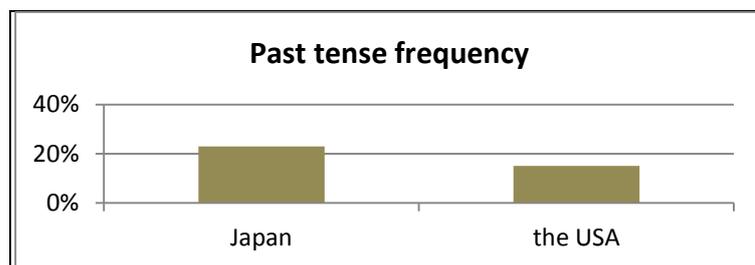


Figure 1

High vs low emotionalism

Displaying or hiding emotions also vary widely across cultures. Casse and Deol (1985) summarized cultural assumptions related to negotiation and asserted that the Japanese value emotions but consider that they must be hidden, while for Americans emotions are not highly valued and transactions with others are mostly unemotional.

Our research proved that the Japanese are highly concerned about saving face and maintaining their self-control, and therefore they show low emotion at the negotiation table. Emotional self-control is developed in childhood, and behavior is context-bound. On the other hand, Americans are less emotional, and prefer to speak their mind even if this could embarrass the other part. In business, points are made by gathering objective facts rather than relying on subjective feelings.

The linguistic analysis of our sample revealed a higher rate of positive emotion words for the American corpus (4.07) as compared to the Japanese one (2.50). This is consistent with the statement that the Japanese are more self-controlled and show low emotion during negotiations than their American counterpart.

Key linguistic features - LIWC

LIWC dimension	USA	Japan	Personal texts	Formal texts
Self-references (I, me, my)	6.10	5.27	11.4	4.2
Social words	8.99	6.85	9.5	8.0
Positive emotions	4.07	2.50	2.7	2.6
Negative emotions	0.10	0.40	2.6	1.6
Overall cognitive words	5.25	3.56	7.8	5.4
Articles (a, an, the)	7.07	6.46	5.0	7.2
Big words (> 6 letters)	29.98	34.12	13.1	19.6

Figure 2

General or specific form of agreement

The type of agreement is also embedded in cultural values. The Japanese prefer a more general form of written contract first, and then get into details. The written contract is simply an expression of the relationship between the two parties. In sharp contrast, the Americans value a binding contract which entails specific rights and obligations. They negotiate contracts point by point and value detailed agreements, where all possibilities have been anticipated and settled. Instead, the Japanese do not perceive contracts as final agreements, and renegotiation may be expected. Different cultural dimensions, relationship-oriented and task-oriented societies, account for the Japanese and American dissimilar approaches to the type of business agreement.

Building an agreement: bottom-up or top-down

In line with the type of agreement preferred by the two cultures, the negotiation process can be an inductive or deductive undertaking. As the Japanese prefer a general form of contract, their approach to building an agreement is a bottom-up (inductive) one, starting from general principles and then proceeding to details. The American approach to building an agreement is a top-down (deductive) one, beginning with specific details in order to arrive at the final contract.

Team organization: One leader or group consensus

The way teams are organized and function also depends on the cultural background. While some cultures emphasize the individual, others rely on the group. These cultural values determine the decision-making process. Americans prefer the leader of the team to make decisions, while the Japanese value team negotiation and decision-making by group consensus. Decisions are reached within the group with little or no individual acknowledgment. As they value consensus within the group, individuals are ready to change their position for the sake of group harmony. Therefore, the Japanese attitude is more group-oriented and generally avoids on-the-spot decisions. According to Salacuse, different approaches to team organization are determined not only by the cultural background but also by the occupational one. (Salacuse, 1998: 235)

Risk taking: high or low

Cultural values and practices also determine the degree of risk taking. In business negotiations, the culture of the negotiator accounts for the degree of willingness to take risks, to reveal information, to experience new methods or accept doubts. Our findings showed that the Japanese are low-risk takers, and this feature can be explained by their concern with not destroying the harmony of the society by coming to a wrong decision. In contrast, Americans proved to be high-risk takers, in line with their cultural background. As members of an individualistic society, American negotiators are more willing to take risks in view of bigger gains.

Conclusion

As all previous research has proved, culture, as well as the occupational background, can affect the negotiating process in various ways. Therefore, knowledge of cultural differences helps negotiators to avoid misunderstandings and overpass intercultural gaps. Awareness of cultural differences is central to successful negotiations involving interactants from different cultural backgrounds, as business encounters between people from various cultures have become more and more frequent. It is important to keep in mind that domestic strategies can not apply to international business settings and that different cultural systems entail different negotiating styles.

Our findings showed that current business negotiations between American and Japanese business people are still culture-bound and that the cultural background plays a vital role in the development of successful business encounters. Our sample displayed a low rate of misunderstandings due to lack of awareness of cultural and individual differences, of

corporate culture and environment. This led us to conclude that in intercultural negotiation both parties paid attention to cultural features and dimensions, and acknowledged different values, beliefs and practices across cultures.

The linguistic analysis of our sample revealed a higher rate of self-reference words for the American corpus compared to the Japanese one. A high rate of self-reference words usually indicates focus on the self, and is characteristic of individualistic cultures. Moreover, the Japanese corpus used first person plural pronouns at a higher rate than the American one, which is typical of collectivistic cultures. The LIWC analysis also showed a higher rate of overall cognitive words for the USA (low context culture). The Japanese corpus (high context culture) revealed a low use of social words, overall cognitive words, articles, and positive emotion words compared to the American one. These values are closer to measures supplied by LIWC for formal texts (see Figure 2). Thus, the linguistic scrutiny proved that language use mirrors certain cultural patterns and attitudes (e.g. individualism/collectivism, high context/low context, past-oriented/future oriented cultures).

However, while it is unlikely to typify any national or cultural approach to negotiation, generalizations are often made. Therefore, it is advisable to take into account that these generalizations are mere guidelines, that there are only effective or less effective approaches, and that the outcome of each intercultural negotiation also depends on many contextual factors such as goal, time, setting, situation, personal interests, individual choices, interpersonal dynamics or nature.

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