



# INTERNATIONAL NEGOTIATION

**Training material**

**Part 2**

**INCONEXT PROJECT**

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## Why is cultural awareness in international negotiation useful?

When meeting and negotiating with people from different cultures, you are often in the position where you do not know how to behave as expected by the other party. On the other hand you should also be aware of the fact that they probably behave differently. We differ in aspects such as different gestures, behavior and habits. A nod is not always a yes, a spoken yes does not always mean that the other person agrees.

Especially in business it is important to know, which are fundamental behavioral patterns of a culture, you should hold on to not act unfriendly or insulting.

There are several cross-cultural studies about cross-cultural differences. Among the most important one can find the GLOBE study (Global Leadership and Organizational Behaviour Effectiveness Research Program) initiated by Professor Robert J. House (1991), Hall/Hall, Trompenaas and Geert Hofstede. The cultural dimensions presented below are based on the results of Hofstede's of data from 116.000 IBM employees all over the world.

For understanding different cultures a little bit better, distinguishing features in 5 dimensions will be explained:

- Hierarchy
- Risk
- Individualism /collectivism
- Long-time orientation
- Masculinity/femininity

### Power distance

The dimension power distance defines the degree to which the less powerful member of institutions/organisations expect and accept that power is distributed unequally in the society.

<p>Cultures with a low power distance are characterized by:</p> <ul style="list-style-type: none"> <li>• The inequality among people is low.</li> <li>• The ideal superior is the resourceful democrat</li> <li>• Privileges and status symbols are</li> </ul>	<p>Cultures with a high power distance are characterized by:</p> <ul style="list-style-type: none"> <li>• Inequality among people is expected and welcome.</li> <li>• The ideal superior is the benevolent autocrat</li> </ul>
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<p>disapproved.</p> <ul style="list-style-type: none"> <li>• Employees expect to be involved in decision making processes</li> <li>• In management theories the role of employees is emphasized.</li> <li>• The adoption of power has to be authorized.</li> <li>• All people have the same rights.</li> </ul>	<ul style="list-style-type: none"> <li>• Privileges and status symbols are expected.</li> <li>• Employees expect to get instructions.</li> <li>• In management theories the importance of leadership is emphasized.</li> <li>• Power before right.</li> <li>• The powerful have privileges.</li> </ul>
<p>Countries with a low power distance are: Austria, Israel, Denmark, New Zealand, Ireland, Sweden, Norway, Finland, Switzerland, UK, Germany, Australia, The Netherlands, Canada, USA etc.</p>	<p>Countries with a low power distance are: Malaysia, Guatemala, Panama, Philippines, Mexico, Venezuela, Arabic countries, Ecuador, Indonesia, India, West Africa, Singapore, France, Hong Kong etc.</p>

Source: Däubner & Hennrich, 2003

Uncertainty avoidance is defined by the degree to which members of a culture feel threatened by ambiguous or unknown situations.

<p>Cultures with a high uncertainty avoidance are characterized by:</p> <ul style="list-style-type: none"> <li>• The immanent uncertainty of life is perceived as permanent threat.</li> <li>• Uncertainty causes a high level of stress.</li> <li>• Acceptance of known risks, but fear of ambiguous situations and unknown risks.</li> <li>• Time is money</li> <li>• Many well defined laws and rules</li> </ul>	<p>Cultures with a low uncertainty avoidance are characterized by:</p> <ul style="list-style-type: none"> <li>• Uncertainty is a normal life situation and will be accepted day by day.</li> <li>• Uncertainty causes a low level of stress.</li> <li>• Ambiguous situations with an unknown risk are accepted.</li> <li>• Time is only a frame for orientation.</li> <li>• Only a few general laws and rules.</li> </ul>
<p>Countries with a high uncertainty avoidance are: Singapore, Japan, Denmark, Sweden, Hong Kong, Ireland, UK, Austria.</p>	<p>Countries with a low uncertainty avoidance are: Greece, Portugal, Guatemala, Uruguay, El Salvador, Spain, Peru, Turkey, Mexico.</p>

	Malaysia, Guatemala, Panama, Philippines, Mexico
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Source: Däubner & Henrich, 2003

Countries with medium uncertainty avoidance are: USA, Canada, New Zealand, Australia, the Netherlands, Switzerland.

### Individualism/Collectivism

Collectivism describes societies, where people are after birth integrated in strong, closed groups, which protects him/her the whole life and expect unconditional loyalty. Individualism describes cultures where relations between individuals are loose. It is expected that everyone take care for himself and for his close family.

<p>Cultures with collectivism are characterized by:</p> <ul style="list-style-type: none"> <li>• The identity has its foundation in the social network where he/she belongs.</li> <li>• Relation has priority over function</li> <li>• Collective interests are preferred to individual ones.</li> <li>• Opinions are predetermined by affiliation to specific groups</li> <li>• People avoid open conflicts.</li> <li>• Harmony and consensus are most desired goals.</li> <li>• Management means management of groups.</li> </ul>	<p>Cultures with individualism are characterized by:</p> <ul style="list-style-type: none"> <li>• Identity has its foundation in the individuum.</li> <li>• Function has priority over relations</li> <li>• Individual interests are preferred to collective ones.</li> <li>• It is expected to have an own opinion</li> <li>• Communicating his/her own opinion stands for an honest man/woman.</li> <li>• Self-fulfillment is one of the most important goals.</li> <li>• Management means management of individuals.</li> </ul>
<p>Countries with a high degree of collectivism are:</p> <p>Most Latin-American countries, Indonesia, Pakistan, Taiwan, South Korea, Thailand, Singapore, Hong Kong, western Africa</p>	<p>Countries with a high degree of individualism are:</p> <p>USA, Australia, UK, Canada, the Netherlands, Italy, Belgium, Denmark, Sweden, Switzerland etc.</p>

Source: Däubner & Henrich, 2003

## Long-time/short-time orientation

Long-Time orientation is described as the fostering of virtues that are orientated towards future success, specifically persistence and austerity. Contrary to this short-time orientation values virtues that are orientated towards past and presence, especially tradition, saving face and fulfilment of social duties.

<p>Cultures with short-time orientation are characterized by:</p> <ul style="list-style-type: none"> <li>• By respect for traditions</li> <li>• Respect for social and status duties irrespective of the costs</li> <li>• Social pressure when spending money</li> <li>• Low saving rates, low rates for investments.</li> <li>• Expecting fast results</li> <li>• Saving face is important.</li> <li>• Possession of the truth is important.</li> </ul>	<p>Cultures with long-time orientation are characterized by:</p> <ul style="list-style-type: none"> <li>• Adaptations of traditions to modern circumstances</li> <li>• Respect for social and status duties are limited</li> <li>• Austerity is preferred.</li> <li>• High saving rate</li> <li>• Persistence in pursuing slow results</li> <li>• Willingness to subordinate for a certain goal</li> <li>• Acceptance of virtues is important.</li> </ul>
<p>Countries with short-time orientation are: UK, Australia, New Zealand, USA, Canada, Pakistan, Czech Republic, Spain, the Philippines and African countries</p>	<p>Countries with long-time orientation are: China, Hong Kong, Taiwan, Japan, Vietnam and South Korea.</p>

Source: Däubner & Henrich, 2003

## Masculinity vs. Femininity

A society is defined as masculine, if the roles of the sexes are emotionally clearly outlined against each other. Men have to be ascertained, strong and material orientated. Women have to be moderate, sensitive and value quality of life. A society is defined as feminine, if the roles of the sexes are overlapping. Men as well as women should be moderate, sensitive and value quality of life.

<p>Feminine cultures are characterized by:</p> <ul style="list-style-type: none"> <li>• Prevalent values of a society are the care for fellow men and conservation of values.</li> <li>• Humans and intact relations are important</li> <li>• It is expected to be modest</li> <li>• Men as well as women are allowed to be sensitive and to take care of relations.</li> <li>• In the family the father and the mother are responsible for facts and feelings.</li> <li>• Work to live.</li> </ul>	<p>Masculine cultures are characterized by:</p> <ul style="list-style-type: none"> <li>• Prevalent values are material success and progressing</li> <li>• Money and things are important</li> <li>• It is expected from men to be ascertained, ambitious and strong</li> <li>• Women are expected to be sensitive and to cultivate relations.</li> <li>• In the family the father is responsible for facts, and the mother for feelings.</li> <li>• Live to work</li> </ul>
<p>Countries with femininity are: Sweden, Norway, Finland, the Netherlands and Latin-American countries.</p>	<p>Countries with masculinity are: Slovakia, Japan, Hungary, Austria, Switzerland, Venezuela, Italy, Ireland, Jamaica, UK, South Africa, USA, Australia and New Zealand.</p>

Source: Däubner & Hennrich, 2003

All of these cultural dimensions also influences business relations and also the conduction of negotiations

For further information on cultural dimensions and country analysis please visit:

<http://geert-hofstede.com/national-culture.html>