

# The Impact of Culture on Business Negotiations

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**SVEUČILIŠTE U RIJECI**  
**Fakultet za menadžment u turizmu i ugostiteljstvu**  
**Sveučilišni prijediplomski studij**

**Iva Keser**

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Zabok, 2024.

# SVEUČILIŠTE U RIJECI

**Fakultet za menadžment u turizmu i ugostiteljstvu**

**Sveučilišni prijediplomski studij**

Poslovna ekonomija u turizmu i ugostiteljstvu

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## **The Impact of Culture on Business Negotiations**

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**Business Communication in  
Tourism**

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## **Abstract**

This thesis examines the significant impact of culture on business negotiations, focusing on how cultural differences influence communication styles, negotiation strategies, and overall outcomes. It begins by defining culture in the context of negotiations and highlights the importance of understanding cultural nuances to enhance negotiation effectiveness. The study provides an overview of key cultural dimensions, such as direct versus indirect communication styles, relationship-oriented versus task-oriented approaches, and varying attitudes towards time. The research delves into specific cultural variations that affect negotiation practices and explores common communication barriers, including language differences and divergent styles. Strategies to overcome these barriers are discussed, with particular emphasis on the role of Business English as a Lingua Franca in facilitating cross-cultural interactions. The analysis includes information from research studies to illustrate various points of view on cross-cultural negotiations, offering insights into best practices. The thesis concludes with practical recommendations for navigating cross-cultural negotiations successfully, stressing the necessity of cultural competence and adaptability for achieving favourable outcomes in international business contexts.

Key words: Business Negotiations; Cross-Cultural Communication; Negotiation Strategies; International Business

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## **Introduction**

In an increasingly globalized economy, the significance of cultural understanding in business negotiations cannot be overstated. Culture, with its intricate web of shared values, norms, and practices, plays a pivotal role in shaping how negotiations unfold and are ultimately resolved. This thesis delves into the profound impact of culture on business negotiations, examining the multifaceted ways in which cultural differences influence communication, decision-making, and strategic interactions across borders.

The primary aim of this study is to elucidate how cultural variations affect negotiation practices and outcomes, providing insights into the mechanisms through which culture shapes business interactions. At its core, the thesis seeks to define culture within the specific context of business negotiations and underscore the importance of cultural awareness in achieving successful international business transactions.

To achieve this, the thesis begins by offering a comprehensive definition of culture as it applies to business negotiations. This includes an exploration of various cultural dimensions, such as Hofstede's framework, which identifies critical factors like power distance, individualism versus collectivism, masculinity versus femininity, uncertainty avoidance, long-term versus short-term orientation, and indulgence versus restraint. These dimensions offer a perspective for understanding how different cultural contexts shape negotiation practices and styles.

The research methodology employed involves a comparative analysis of negotiation styles across diverse cultural backgrounds. This includes examining direct versus indirect communication styles, relationship-oriented versus task-oriented approaches, and differing time orientations. By highlighting these differences, the study aims to offer a nuanced understanding of how cultural factors shape negotiation dynamics.

Moreover, the thesis addresses communication barriers that frequently arise in international business negotiations. Language differences, varying communication styles, and the challenges of negotiating in a lingua franca - Business English - are explored in depth. The analysis includes strategies for overcoming these barriers, ensuring effective cross-cultural communication and successful negotiation outcomes.

The structure of the thesis is designed to provide a systematic exploration of these themes. It begins with a detailed examination of cultural definitions and dimensions, followed by an analysis of negotiation styles and communication barriers. The final sections focus on practical strategies for navigating cross-cultural negotiations, offering recommendations for enhancing global business relations.

By addressing key theoretical frameworks and practical challenges, this thesis aims to contribute valuable insights into the effective management of cross-cultural interactions, ultimately fostering more successful and sustainable international business partnerships.



# 1. Defining Culture

Culture is the collective fabric of values, beliefs, customs, and practices that characterizes a group or society. It serves as a framework through which individuals interpret their environment, interact with others, and make decisions. These cultural elements are deeply rooted, influencing everything from daily social interactions to long-term decision-making processes. In the context of business, culture plays a pivotal role, shaping not only how individuals communicate and behave but also how they approach negotiations, resolve conflicts, and establish relationships.

## 1.1. Definition of culture in the context of business negotiations

In business negotiations, culture refers to the collective values, beliefs, norms, and behaviours that distinguish one group or society from another. These cultural traits shape the behaviour, communication styles, decision-making processes, and attitudes of individuals within that group, significantly influencing how they approach and conduct business negotiations. Culture encompasses a wide range of factors, including language, religion, social structures, and customs, all of which contribute to the unique ways in which different groups interact and negotiate.

Definitions of business culture vary from author to author. Almost every author writing about entrepreneurial culture feels the need to provide their own definition of this phenomenon:

- “Culture is the shared knowledge of the stakeholders of a business entity, created by their interactions, which determines a specific organizational value system.”<sup>1</sup>
- “A pattern of values and learned ways of dealing that have developed over time and are manifested through material objects and the behaviour of stakeholders of the business entity.”<sup>2</sup>
- “Culture consists of a set of fundamental assumptions, values, and norms that a particular group has developed or uncovered in the process of addressing issues related to external adaptation and internal cohesion. These principles have proven effective enough to be

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<sup>1</sup> Wilkins, A.L. and Dyer W.G., Toward Culturally Sensitive Theories of Culture Change

<sup>2</sup> Brown A., Organisational Culture London

passed on to new members of business organizations as the proper way to approach and understand these challenges.”<sup>3</sup>

With all stated, “Business culture encompasses both material and spiritual goods, the human traits that individuals carry within themselves, and is manifested in their relationship with nature, produced goods, other people, work and means of work, the results of work, and the organization of work. It also includes the relationship of employees towards suppliers and customers, as well as towards the organization in which they work. The concept of culture has multiple meanings and approaches to its understanding.”<sup>4</sup>

In business negotiations, cultural differences can manifest in various ways, such as differing attitudes toward hierarchy and authority, varying preferences for direct or indirect communication, and distinct approaches to conflict resolution and consensus-building. Understanding these cultural nuances is crucial for negotiators, as it allows them to anticipate and manage potential misunderstandings, build trust, and develop mutually beneficial agreements.

Another important perspective says that: "Business culture is nothing more than a system of socially constructed meanings of things and phenomena that people have arrived at through shared experience."<sup>5</sup>

This perspective emphasizes the role of collective experiences in shaping the cultural framework within which business operations and negotiations occur. Socially constructed meanings are the interpretations and understandings that arise from interactions among members of a society or group. These shared meanings form the basis for common practices, symbols, and rituals that characterize a business culture.

In practical terms, this means that business culture is not static; it evolves as members of the organization continue to interact, share experiences, and adapt to new challenges. For instance, the

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<sup>3</sup> Schein, E.H., *Organizational Culture and Leadership*

<sup>4</sup> Vujić, Ivaniš and Bojić, *Poslovna etika i multikultura*, 128.

<sup>5</sup> Vujić, Ivaniš and Bojić, *Poslovna etika i multikultura*, 128.

way a company handles conflict resolution or decision-making can change over time as employees learn from past experiences and develop new strategies that better suit their collective needs.

Moreover, this understanding can aid in the development of culturally attuned strategies that are more likely to gain acceptance from all parties involved. By acknowledging the socially constructed nature of business culture, negotiators can adapt their approaches to align with the shared meanings and values of the other party, thereby increasing the likelihood of reaching a mutually beneficial agreement.

Viewing business culture as a system of socially constructed meanings emphasizes the dynamic and context-dependent nature of cultural norms and practices. For successful business negotiations, it is crucial to understand and respect these socially constructed meanings, as they form the foundation upon which effective communication, trust-building, and agreement-making processes are built.

## **1.2. The importance of understanding cultural differences**

In today's globalized world, the movement of people and capital is significantly greater and faster than ever before. Most countries and continents no longer resemble their former states, where only citizens of a particular nationality lived and worked in a given country. For instance, France was once inhabited and worked in solely by French citizens, and Germany solely by Germans. Today, in a global context, most countries and business entities are not without immigrants, employees from diverse cultures, and people of various identities.

Everyday business relationships between individuals and groups, between managers and employees, and between business entities and their environments, require knowledge and respect for multicultural norms. History has shown that much good has arisen from the mixing of cultures. Besides knowledge, skills, and other work abilities, each new employee brings elements of their culture to the business entity, particularly feelings and attitudes toward other employees, work tools, work results, and the organizational structures of business entities. This creates a significant business multiculturalism that exists in the environment from which it originates. These imported cultural elements combine with those that already exist and are continuously developed within a business entity. In such a socio-economic environment, norms, habits, and customs are created.

Thus, a separate multicultural system of business entities is built, which increasingly becomes a serious factor in advancing or hindering good business operations and the development of business entities as a whole.

“Multiculturalism draws inspiration from the evolutionary fact that the human mind cannot exist outside of culture. The evolution of the mind is connected to the development of a way of life in which 'reality' is represented by symbols, common to members of a cultural community, in which the technical-social way of life is organized within those symbols and beliefs.”<sup>6</sup>

Implementing constant changes requires knowledge, respect, and the construction of business culture. Many pieces of knowledge and skills are generally applicable to all business entities. However, it is not possible to simply transplant all knowledge from one business entity to another, or even from one department to another within the same business entity. “The methods of work and skills of employees must respect the uniqueness of each culture; otherwise, resistance will be encountered.”<sup>7</sup>

For example, by identifying business culture, two businesses successfully integrated by understanding and bridging their differing cultural approaches:

“Two business entities successfully integrated thanks to a good understanding and acceptance of their cultural differences. By examining the business culture, it was found that the first business entity encouraged entrepreneurship and risk-taking among its employees. Successful employees were those who had a modern approach to work. Conversely, the second business entity had a paternalistic approach. Employees were encouraged to strictly adhere to traditions and rules. Successful employees were those who fit within the framework of desired behaviour. After familiarizing themselves with the two different cultures, senior managers were able to make and explain decisions in a way that employees from both companies could understand and accept. There is no doubt that culture can strongly influence the functioning of business entities and their business excellence. The first necessary step in this endeavour is identifying and assessing the prevailing culture in the business entity.”<sup>8</sup>

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<sup>6</sup> Bruner, *Kultura obrazovanja*, 18.

<sup>7</sup> Vujić, Ivaniš and Bojić, *Poslovna etika i multikultura*, 93.

<sup>8</sup> Vujić, Ivaniš and Bojić, *Poslovna etika i multikultura*, 132.

Understanding cultural differences is not just about acknowledging the diversity within an organization but also about leveraging it to create a more dynamic, innovative, and responsive business environment. When managers and employees are aware of and respect cultural differences, they can avoid misunderstandings and conflicts, leading to more effective communication and collaboration.

Fostering a multicultural environment can lead to significant benefits, such as enhanced creativity and problem-solving capabilities. Diverse teams offer a range of viewpoints and methodologies, which can result in more creative solutions and enhanced decision-making processes. This diversity can also enhance the company's capacity to function across various markets and better comprehend the needs and preferences of a global customer base.

## **Overview of different cultural dimensions**

Understanding cultural dimensions is crucial for comprehending how societies function and interact. Various researchers have developed frameworks to categorize and compare cultural traits across different countries and regions. These models help to highlight the underlying values that drive behaviours, norms, and practices within different cultural contexts.

### **Hofstede's Cultural Dimensions**

“Geert Hofstede's theory of cultural dimensions is among the most well-known and extensively applied models for interpreting cultural differences. Hofstede is regarded as a pioneer in modern intercultural science, using statistical analysis of two databases to compare nations.”<sup>9</sup> Hofstede identified six dimensions of national culture that explain the impact of culture on workplace values.

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<sup>9</sup> Leonavičienė and Burinskienė, “Research on the reflection of cultural dimensions in international business”, 101 - 114.

**Figure 1** Table of Geert Hofstede's cultural dimensions

| <b>Dimension</b>                            | <b>Description</b>   | <b>High (Examples)</b>    | <b>Low (Examples)</b>         |
|---|--|---------------------------|-------------------------------|
| <b>Power Distance</b>                       | Indicates how much a society accepts and expects power differences among individuals and institutions.                 | Malaysia, Mexico, Russia  | Denmark, Ireland, Austria     |
| <b>Individualism vs. Collectivism</b>       | Measures the extent to which people prioritize individual goals over group goals.                                      | USA, UK, Canada           | China, South Korea, Indonesia |
| <b>Masculinity vs. Femininity</b>           | Shows the degree to which a culture prioritizes competitive success as opposed to quality of life and care.            | Japan, USA, Germany       | Sweden, Norway, Denmark       |
| <b>Uncertainty Avoidance</b>                | Shows how societies handle uncertainty and ambiguity, preferring structure versus flexibility.                         | Greece, Japan, France     | Singapore, Denmark, Sweden    |
| <b>Long-Term vs. Short-Term Orientation</b> | Differentiates between a focus on future rewards and perseverance versus respect for tradition and social obligations. | China, Japan, South Korea | USA, Canada, Australia        |
| <b>Indulgence vs. Restraint</b>             | Allowance of free gratification of basic human drives vs. strict social norms.   | Mexico, USA, Australia    | Russia, Japan, South Korea    |

As shown in figure 1, dimensions can be easily explained on the example:

### 1. Power Distance

This dimension evaluates how power and authority are distributed and accepted within a society. "Power distance is defined by the degree of acceptance. The term 'institutions' encompasses

essential societal components like family, community, and school while 'organization' pertains to various types of employment.”<sup>10</sup>

Countries with high power distance, such as Malaysia and Russia, tend to have hierarchical structures where authority is rarely questioned. In contrast, countries with low power distance like Denmark and Ireland favor more equal power distribution and participatory decision-making.

## **2. Individualism vs. Collectivism**

“Individualism characterizes societies where interpersonal bonds are weak, and individuals are expected to look after themselves.”<sup>11</sup>

In individualistic cultures like those in the USA and Canada, there is a strong emphasis on personal autonomy and individual rights, with people often defining themselves primarily through their own achievements and desires framing personal identity in terms of “I”. Collectivist cultures, such as China and South Korea, value group harmony, interdependence, and place the collective “we” above individual interests.

## **3. Masculinity vs. Femininity**

This dimension examines how cultures value traditional gender roles and traits. “Masculine cultures perceive men as aggressive achievers and women as nurturing homemakers, whereas feminine cultures work to diminish these gender distinctions.”<sup>12</sup>

In masculine cultures such as Japan and Germany, the focus is on assertiveness, competitiveness, and achieving material success. Conversely, feminine cultures like Sweden and Denmark place greater importance on nurturing roles, caring, and enhancing quality of life.

## **4. Uncertainty Avoidance**

Uncertainty avoidance measures how comfortable a society is with unpredictability and unclear situations. “Unstructured situations are unfamiliar, unexpected, and distinct from the norm. Cultures that avoid uncertainty seek to reduce the likelihood of such scenarios through rigid

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<sup>10</sup> Hofstede, G., *Dimensionalizing Cultures: The Hofstede Model in Context*, 9.

<sup>11</sup> Leonavičienė and Burinskienė, “Research on the reflection of cultural dimensions in international business”, 101 - 114.

<sup>12</sup> *Ibidem*

behavioural codes, laws, and regulations, disapproval of unconventional viewpoints, and a conviction in absolute Truth—'there is only one Truth, and we possess it.'<sup>13</sup>

In countries with high uncertainty avoidance, such as Greece and Japan, there is a strong preference for clear rules and structured environments to manage uncertainty. Conversely, nations with low uncertainty avoidance, such as Sweden and Singapore, tend to be more tolerant of ambiguity and display higher levels of flexibility and adaptability.

### **5. Long-Term vs. Short-Term Orientation**

This dimension evaluates whether a culture values future-oriented goals or prioritizes current and historical values. "In Short-Term Orientation, significant life events are considered to have happened in the past or are happening currently. In contrast, Long-Term Orientation focuses on important events that are expected to take place in the future."<sup>14</sup>

Cultures that emphasize a long-term orientation, such as those in South Korea and China, focus on persistence and saving for future benefits. In contrast, short-term oriented cultures, like the USA and Australia, emphasize honoring traditions, fulfilling social duties, and preserving reputation.

### **6. Indulgence vs. Restraint**

Indulgence measures how much a culture permits the free pursuit of basic human pleasures and enjoyment. "Indulgence represents a society that permits relatively unrestricted satisfaction of fundamental and natural human desires linked to enjoyment and pleasure. In contrast, restraint denotes a society that regulates the fulfillment of needs through stringent social norms."<sup>15</sup>

Societies with high levels of indulgence, such as Mexico and the USA, encourage a focus on personal happiness and the pursuit of leisure. Conversely, restraint-oriented cultures, like Russia and Japan, impose stricter social norms and regulate the fulfillment of desires.

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<sup>13</sup> Hofstede, G., *Dimensionalizing Cultures: The Hofstede Model in Context*, 10.

<sup>14</sup> *Ibidem*, 15.

<sup>15</sup> *Ibidem*, 15.



## **Other Theories of Cultural Dimensions**

“While Hofstede's dimensions are widely used, other researchers have proposed additional frameworks.”<sup>16</sup>

**Figure 2** Table with authors and their proposed original concepts of cultural dimensions

|    | <b>G. Hofstede</b>                         | <b>S.H. Schwartz</b>        | <b>E.T. Hall</b>                           | <b>F. Trompenaars</b>                       |
|----|--|-----------------------------|--|---|
| 1. | Power distance                             | Embeddedness vs Autonomy    | High-Context vs Low-Context Cultures       | Universalism vs. Particularism              |
| 2. | Individualism vs Collectivism              | Hierarchy vs Egalitarianism | Space                                      | Analysing vs Integrating                    |
| 3. | Masculinity vs Femininity                  | Mastery vs Harmony          | Time: Polychronic vs. Monochronic Cultures | Individualism vs Communitarianism           |
| 4. | Uncertainty Avoidance vs Certain avoidance |                             |  | Inner-directed vs Outer-directed            |
| 5. | Long- vs Short-term Orientation            |                             |  | Time as sequence vs time as synchronisation |
| 6. | Indulgence/ Restraint                      |                             |  | Status achieved vs assigned status          |
| 7. | -  |                             |  | Equality vs Hierarchy                       |

These various models highlight that while there are common themes in categorizing and comparing cultures, each framework offers unique insights and emphasizes different aspects of cultural values and behaviours. Together, they provide a comprehensive toolkit for understanding and navigating global cultural interactions.

## **2. Cultural Differences in Negotiation Styles**

### **2.1. Direct vs. indirect communication styles**

Effective communication is not solely about language proficiency; it also hinges on understanding cultural nuances that shape how messages are conveyed and interpreted. One of the fundamental aspects influencing cross-cultural communication is the choice between direct and indirect communication styles.

Communication styles vary significantly across cultures, impacting how individuals express ideas, negotiate agreements, and maintain relationships. The dichotomy between direct and indirect communication styles exemplifies this diversity, reflecting contrasting cultural values and preferences in conveying information.

<sup>16</sup> Leonavičienė and Burinskienė, “Research on the reflection of cultural dimensions in international business”, 101 - 114.

### **Indirect Communication Styles**

In many Middle Eastern and Asian cultures, communication tends to be indirect, emphasizing the importance of context, nonverbal cues, and implicit meanings over explicit verbal messages. As noted by Thomas and Inkson, “The context holds greater significance—such as the physical environment, prior interactions among participants, and nonverbal communication.”<sup>17</sup> This style allows communicators to navigate sensitive topics delicately, preserving harmony and avoiding direct confrontation or embarrassment.

### **Direct Communication Styles**

In contrast, Western cultures often favor direct communication, prioritizing clarity, transparency, and explicitness in verbal interactions. According to Thomas and Inkson, “Emphasis is on the content of the communication – the words.”<sup>18</sup> Direct communicators value honesty and expect others to express thoughts and intentions clearly without relying on implicit cues or assumptions.

The choice between direct and indirect communication styles is influenced by cultural context. High-context cultures, characterized by strong social bonds and hierarchical structures, tend to favor indirect communication to maintain relational harmony and respect. In contrast, low-context cultures, which emphasize individualism and straightforwardness, prefer direct communication to ensure mutual understanding and efficiency in exchanges.

While direct and indirect communication styles represent distinct approaches, real-world interactions often blend elements from both ends of the spectrum. Individuals within any culture may adapt their communication style based on situational demands and relationship dynamics. However, cultural preferences for one style over another can lead to misunderstandings and challenges in cross-cultural interactions, where expectations and interpretations may differ significantly.

Understanding these communication styles is essential for effective cross-cultural communication. It requires awareness of cultural norms, sensitivity to contextual cues, and the ability to adapt communication strategies accordingly. By recognizing and respecting cultural variations in communication preferences, individuals can enhance their ability to build rapport, negotiate

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<sup>17</sup> Thomas and Inkson, *Cultural Intelligence. Surviving and Thriving in the Global Village*, 84.

<sup>18</sup> *Ibidem*

effectively, and cultivate productive relationships across diverse cultural landscapes. This awareness underscores the importance of cultural sensitivity and adaptability in achieving mutual understanding and successful outcomes in global communication scenarios.

## **2.2. Relationship-oriented vs. task-oriented approaches**

“Culture significantly influences how individuals and organizations approach work and relationships. Adler suggests that national culture impacts employees more profoundly than organizational culture, underscoring the need for management strategies that align with cultural norms.”<sup>19</sup>

### **Relationship-Oriented Approaches**

“Relationship-oriented leadership emphasizes employee job motivation, satisfaction and work-life balance. Leaders who embrace this approach concentrate on supporting, inspiring, and nurturing their employees.”<sup>20</sup> As well fostering a collaborative and communicative work environment. They prioritize employee welfare, offer incentives, resolve conflicts, and create a non-competitive atmosphere, ensuring that every individual feels valued and supported.

Research indicates that relationship-oriented leadership fosters greater group cohesion and learning, leading to more productive teams. “Employees in such environments feel more motivated, as their welfare is a priority, reducing dissatisfaction and turnover.”<sup>21</sup>

“This style also encourages risk-taking, as team members feel supported and valued.”<sup>22</sup>

However, excessive focus on team spirit can sometimes hinder task completion. “Leaders may prioritize team development over project objectives, and employees who are given excessive

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<sup>19</sup> Sikander, Mujtaba, Afza. “Stress, Task, and Relationship Orientations: Analysis Across Two Culturally Diverse Countries.” *International Business and Management*, 4(2), 33-40

<sup>20</sup> Rüzgar, Nilüfer. "The Effect of Leaders' Adoption of Task-Oriented or Relationship-Oriented Leadership Style on Leader-Member Exchange (LMX) in Organizations That Are Active in the Service Sector: A Research on Tourism Agencies."

<sup>21</sup> Graen, G. B. & Uhl-Bien, M. 1995, “Relationship-based approach to leadership: Development of leader-member exchange (LMX) theory of leadership over 25 years: Applying a multi-level multi-domain perspective”

<sup>22</sup> Arana, J. M., M. J. Chambel, L. Cural, and C. Tabernero. 2009. "The Role of Task-Oriented versus Relationship-Oriented Leadership on Normative Contract and Group Performance."

responsibility without adequate guidance may face difficulties in decision-making, which can result in reduced performance and customer dissatisfaction.”<sup>23</sup>

### **Task-Oriented Approaches**

“Task-oriented leadership concentrates on the tasks required to achieve specific objectives or performance standards. This approach involves organizing job-related activities, prioritizing administrative duties, overseeing product quality, and preparing financial reports.”<sup>24</sup> Task-oriented leaders concentrate on achieving organizational targets, often with less concern for employee welfare.

The primary strength of task-oriented leadership is its ability to ensure tasks are completed efficiently and on time. “This approach promotes effective time management and provides a clear example for employees by emphasizing workplace procedures and detailed task definitions. Task-oriented leadership is particularly effective in structured environments like manufacturing, where well-defined processes enhance productivity and quality.”<sup>25</sup>

Despite its strengths, task-oriented leadership can stifle creativity and lower morale, leading to high employee turnover. Employees may fear breaking rules and avoid taking risks, hindering innovation. Additionally, this style is less effective in highly competitive industries that require quick responses to external threats, as employees may feel uncomfortable taking necessary risks.

### **Comparative Studies and Findings**

Various studies have explored the impacts of task-oriented versus relationship-oriented leadership. Fiedler (1964) discovered that relationship-oriented leadership frequently results in higher productivity, whereas Carron and Chelladurai (1983) observed that task-oriented leadership can be more effective in specific situations. Despite these varying results, a shared conclusion is that

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<sup>23</sup> Burke, C. S., K. C. Stagl, C. Klein, G. F. Goodwin, E. Salas, and S. M. Halpin. 2006. "What Type of Leadership Behaviors Are Functional in Teams? A Meta-Analysis.", 288–307.

<sup>24</sup> Rüzgar, Nilüfer. "The Effect of Leaders' Adoption of Task-Oriented or Relationship-Oriented Leadership Style on Leader-Member Exchange (LMX) in Organizations That Are Active in the Service Sector: A Research on Tourism Agencies."

<sup>25</sup> Rüzgar, Nilüfer. "The Effect of Leaders' Adoption of Task-Oriented or Relationship-Oriented Leadership Style on Leader-Member Exchange (LMX) in Organizations That Are Active in the Service Sector: A Research on Tourism Agencies."

relationship-oriented leadership improves learning and group cohesion and, and positively affects self-efficacy.

**Figure 3** Contingency model of leadership effectiveness  
Source: "When to Use Task-Oriented vs. Relationship-Oriented Leadership Styles."

| <b>Leader-Member Relations</b> | <b>Task Structure</b> | <b>Leader's Position Power</b> | <b>Most Effective Leader</b> |
|--------------------------------|-----------------------|--------------------------------|------------------------------|
| Good                           | Structured            | Strong                         | Task-Oriented                |
| Good                           | Structured            | Weak                           | Task-Oriented                |
| Good                           | Unstructured          | Strong                         | Task-Oriented                |
| Good                           | Unstructured          | Weak                           | Relationship-Oriented        |
| Poor                           | Structured            | Strong                         | Relationship-Oriented        |
| Poor                           | Structured            | Weak                           | Relationship-Oriented        |
| Poor                           | Unstructured          | Strong                         | Relationship-Oriented        |
| Poor                           | Unstructured          | Weak                           | Task-Oriented                |

For instance, a study by Chemers and Skrrzypek in 1972 evaluated Fiedler's contingency model using 128 cadets from the United States Military.. “The experiment, which altered variables influencing situational favourability, supported the model's validity in predicting leadership effectiveness.”<sup>26</sup> Another study by Carron and Chelladurai (1983) examined the preferences of basketball athletes for task-oriented versus relationship-oriented behaviors. Results showed that younger athletes preferred task-oriented behavior, while older athletes increasingly favored relationship-oriented behavior.

### **2.3. Time orientation**

Time orientation is a critical cultural dimension that significantly influences negotiation styles and outcomes. It pertains to the extent to which cultures emphasize long-term or short-term perspectives in both life and business contexts. This cultural characteristic can profoundly affect how negotiators from different backgrounds perceive and manage time, thereby impacting the negotiation process.

<sup>26</sup> Rüzgar, Nilüfer. "The Effect of Leaders' Adoption of Task-Oriented or Relationship-Oriented Leadership Style on Leader-Member Exchange (LMX) in Organizations That Are Active in the Service Sector: A Research on Tourism Agencies."

## **Future, Present and Past-Oriented Cultures**

Cultures that are future-oriented, such as those in Hong Kong, Japan, and Taiwan, place significant emphasis on long-term planning, sustainability, and strategic development. These societies prioritize education, technological advancement, and the achievement of long-term goals. In negotiation contexts, representatives from future-oriented cultures are likely to focus on the long-term implications of agreements, favouring detailed planning and structured timelines to ensure sustainable success.

Cultures such as those in Pakistan and certain West African regions are more focused on the present and the past. These societies value tradition, continuity, and historical context. Negotiators from these cultures often prioritize immediate benefits and show a deep respect for historical agreements and relationships. This emphasis on tradition and the present can lead to a negotiation process that is more flexible and relationship-oriented, with a strong focus on maintaining harmony and honoring established customs.

## **Monochronic Time Orientation**

Monochronic cultures, prevalent in Western societies like those in Canada, Germany, the United States, and Scandinavian countries, view time as a linear progression. According to Hall and Hall (1987) state, “Time is considered a resource that can be spent or saved, wasted or lost.”<sup>27</sup>

In negotiation settings, monochronic negotiators prioritize punctuality, adherence to schedules, and the completion of tasks in a sequential manner. They prefer structured agendas and clear timelines, valuing organization and reliability in achieving predetermined objectives. Interruptions are minimized to maintain focus, and negotiations proceed methodically, following a step-by-step approach to ensure accountability and predictability.

## **Polychronic Time Orientation**

In contrast, polychronic cultures, prevalent in Latin American, Middle Eastern, and some African societies, perceive time as fluid and elastic. These cultures prioritize interpersonal relationships, flexibility, and adaptability over strict adherence to schedules. Negotiators from polychronic backgrounds approach negotiations with a holistic view, accommodating multiple tasks and

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<sup>27</sup> Rouse, M., Rouse, S., *Poslovne Komunikacije*. Masmedia, 262.

engagements concurrently. According to Rouse and Rouse, “Members of these cultures are more likely to finish their current task or conversation before abruptly switching to another, viewing schedules as targets to be met, if possible, rather than rigid frameworks.”<sup>28</sup> They value relational harmony and context-driven decision-making, allowing discussions to unfold naturally based on evolving circumstances and interpersonal dynamics.

### **Japanese Cultural Dynamics**

Japanese culture offers a nuanced example of blending monochronic and polychronic time orientations. When interacting with foreigners, Japanese negotiators typically adopt a monochronic approach, emphasizing punctuality, structured meetings, and clear agendas to convey professionalism and respect. However, within domestic contexts, a more polychronic approach prevails, allowing for flexibility and adaptability in response to relational dynamics and social norms. This dual approach reflects Japan's ability to navigate diverse cultural expectations while maintaining a balance between tradition and innovation in negotiation strategies.

“In Japanese cultural perception of time, the past continuously merges into the present, which is also closely connected to the future. Philosophically, one might argue that the past and future coexist simultaneously within the present.”<sup>29</sup>

These cultural perspectives influence communication styles, decision-making processes, and relationship dynamics, impacting the overall success of negotiations in international settings. By recognizing and respecting these cultural differences, negotiators can build trust, bridge cultural gaps, and foster mutually beneficial outcomes in diverse cultural contexts.

## **3. Communication Barriers in Business Negotiations**

### **3.1. Language barriers**

Effective cross-cultural communication requires a nuanced understanding of linguistic elements, stylistic nuances, social cues, and contextual meanings. In business negotiations, interaction is paramount. Therefore, while fluency in a shared language is critical, cultural proficiency is equally essential. Non-verbal cues such as gestures and tone play a crucial role in helping negotiators

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<sup>28</sup> Rouse, M., Rouse, S., *Poslovne Komunikacije*. Masmedia, 263.

<sup>29</sup> Hayashi, S., *Culture and management in Japan*. Tokyo: University of Tokyo Press.

understand the intentions of their counterparts. Thus, adapting communication techniques and strategies to align with cultural values and preferences is vital. The successful conclusion of a negotiation, leading to mutually beneficial outcomes, hinges on language fluency, cultural awareness, and adaptability.

Language is a powerful tool that not only represents a culture but also influences social change. Communication can be seen as having two facets. On one hand, it facilitates understanding and connection; on the other, it can lead to misunderstandings and missed nuances if not managed properly. Ambiguities often arise when the communicators are unable to fully grasp each other's messages due to cultural and linguistic differences. This can result in one party failing to perceive crucial details, thus hindering effective communication.

In cross-cultural negotiations, language serves as the most critical element for building a connection between parties. When negotiators can clearly communicate their ideas and thoughts, a strong bond is formed. Conversely, language barriers and subtle nuances in communication can lead to misunderstandings. To mitigate these challenges, the presence of a skilled interpreter or translator becomes necessary for ensuring effective cross-cultural communication. As Mészáros notes, “Language is a fundamental component of effective communication, and its importance is particularly pronounced in cross-cultural negotiations. When individuals are able to articulate their ideas and thoughts clearly, it fosters strong connections. Conversely, language barriers and subtle communication nuances can result in misunderstandings. To address these issues and facilitate successful cross-cultural interactions, the use of a skilled interpreter or translator is essential.”<sup>30</sup>

The role of language in business negotiations is multifaceted. It is not only about linguistic fluency but also about understanding and adapting to cultural contexts. Effective communication requires a combination of language skills and cultural sensitivity. This dual approach ensures that negotiators can navigate the complexities of cross-cultural interactions, leading to successful and mutually beneficial outcomes.

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<sup>30</sup> Mészáros, A.Á., Communication Problems Arising from Cultural Differences During English Negotiations. In FIKUSZ–Symposium for Young Researchers, 157-166.



### 3.2. Different communication styles

Each country has its unique negotiating style influenced by its economic position, financial status, and developmental plans. These variations give rise to diverse negotiation terms and strategies. Some countries may adopt competitive, cooperative, compromising, dominating, or demanding negotiation styles, while others may combine these approaches with additional methods. According to Chimhowu, “The long-term success of cross-cultural negotiations hinges on aligning one's performance with the cultural context, highlighting the importance of cultural adaptability in negotiations.”<sup>31</sup>

The methods of negotiation vary significantly across cultures. Some cultures may favour a direct and straightforward approach, while others may prefer indirect and complex methods of communication. Each culture has its own set of norms, and behaviours that are considered respectful in one culture might be interpreted differently in another. For example, addressing others by their last names is seen as friendly in the U.S. or Australia, but in countries like France, Japan, or Egypt, this can be perceived as disrespectful. When negotiating with people from different cultural backgrounds, it is crucial to observe their cultural traditions and norms.

Cultural characteristics heavily influence negotiation styles and patterns. The cognitive differences in how negotiators perceive interdependence, and authority can lead to varied negotiation processes and outcomes. Different strategies or tactics may be adopted based on cultural understanding, which can sometimes undermine mutual trust and a potential win-win situation.

Additionally, different cultures have distinct core values that drive their actions. These cultural differences often result in diverse behaviours, making communication between individuals from different cultural backgrounds challenging. “Communicative difficulties can be influenced by several cultural factors, including”<sup>32</sup>:

1. **Attitude:** The general outlook or mindset towards negotiations and interactions.
2. **Social Structure:** The organization of society and the roles individuals play within it.
3. **Cognitive Patterns:** The ways in which people think and process information.

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<sup>31</sup> Chimhowu, A.O., Hulme, D. and Munro, “The ‘New’ national development planning and global development goals: Processes and partnerships. World Development”

<sup>32</sup> Chang, Lih-Ching. "Differences in Business Negotiations between Different Cultures." The Journal of Human Resource and Adult Learning

4. **Roles and Role Interpretation:** The expectations and interpretations of social roles.
5. **Language:** The spoken and written methods of communication.
6. **Non-verbal Expressions:** Gestures, body language, and facial expressions.
7. **Spatial Usage and Organization:** The use and organization of physical space.
8. **Understanding of Time:** Perceptions and values related to time management and punctuality.

These cultural factors can result in mistakes in cognition, comprehension, and assessment during negotiations. As such, a singular theory of negotiation cannot be universally applied to different cultures. Successful cross-cultural negotiations require a flexible approach that considers these cultural differences. By understanding and adapting to the unique communication styles of different cultures, negotiators can bridge cultural gaps, foster mutual understanding, and achieve successful outcomes.

### **3.3.Strategies and Tactics in International Business Negotiations**

Effective negotiation in international business requires a clear understanding of both strategies and tactics. Raymond Saner emphasizes that while these terms are often used interchangeably, they have distinct roles in the negotiation process. Strategy is the overarching plan that sets the direction, while tactics are the specific actions taken to implement this plan. “If strategy is the thought, then tactics are its formulation”<sup>33</sup>, Saner points out, stressing the importance of having a clear strategic vision before deciding on tactical moves.

#### **Strategy vs. Tactics**

Strategy outlines the general path to achieve desired outcomes. It encompasses the broader goals and objectives, guiding all subsequent actions. If the strategy is flawed, it can derail the entire negotiation process from the start. Strategies need to be well-considered and aligned with the ultimate objectives to ensure a successful outcome.

Tactics, on the other hand, are the specific steps and maneuvers used to execute the strategy. They are more flexible and adaptable, allowing negotiators to respond to changing circumstances and

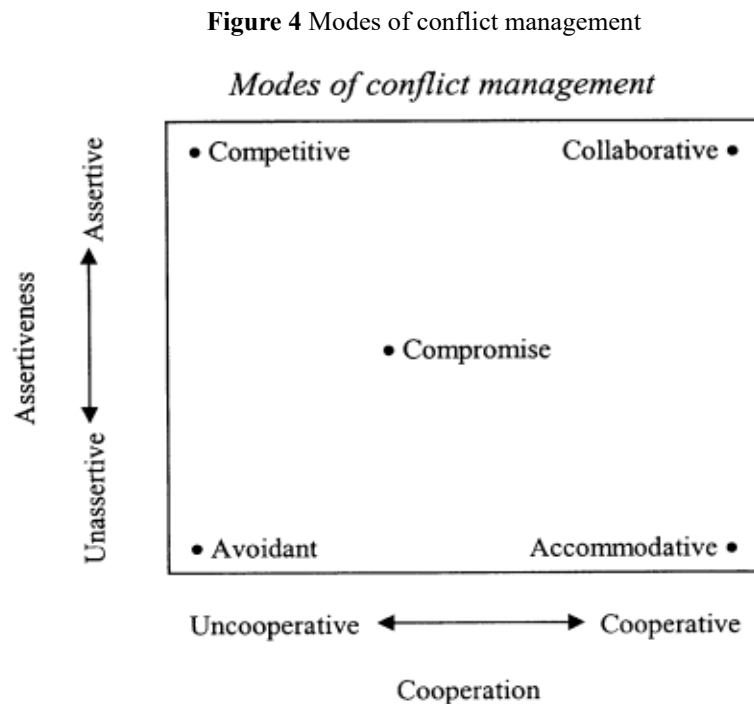
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<sup>33</sup> Ghauri, Pervez N. 2008. International Business Negotiations, 51.

unexpected developments. Tactics should always support the strategy, even if they sometimes appear to deviate from the direct path to the objective.

### Positions in Conflict Management

Saner describes five main positions in conflict management, which can be visualized on a grid with two axes: assertion and cooperation. Assertion measures the degree to which one pursues their own goals, while cooperation gauges the willingness to accommodate the other party's interests. (Figure 4)



1. **Competition:** High in assertion and low in cooperation, this approach focuses on achieving one's own goals, often at the expense of the other party. It demonstrates strength and determination but can lead to confrontation and inflexibility. This approach is effective in situations where demonstrating power and authority is essential.
2. **Collaboration:** High in both assertion and cooperation, collaboration aims to find solutions that satisfy both parties' needs. It involves integrative bargaining, where both sides work together to resolve the conflict. Collaboration builds mutual trust and fosters creative

problem-solving, making it ideal for long-term relationships and complex negotiations.

3. **Compromise:** Moderate in both assertion and cooperation, compromise involves each party making concessions to reach a mutually acceptable solution. While it may not fully satisfy either party, it allows for a resolution that both can live with. This approach is often used in politics and diplomacy, where quick agreements are necessary.
4. **Avoidance:** Low in both assertion and cooperation, avoidance involves withdrawing from the conflict. This approach can prevent immediate confrontation but often leaves issues unresolved, potentially damaging long-term relationships. Avoidance may be suitable when the stakes are low or when it's strategically beneficial to delay the resolution.
5. **Accommodation:** Low in assertion and high in cooperation, accommodation involves giving up one's own goals to satisfy the other party. This approach can defuse conflicts and build goodwill but may be seen as a sign of weakness. It's effective when maintaining the relationship is more important than the specific outcome of the negotiation.

### **Choosing the Right Position**

The appropriate conflict management position depends on various factors, including the nature of the task, the situation, and the personalities involved. While collaboration is generally preferred for its ability to build trust and foster long-term relationships, it is not always feasible. Evaluating the specific context, understanding the limits of one's demands, and gauging the level of cooperation expected from the other party are crucial in deciding the best approach. As Saner suggests, “The determination of the most suitable among the five fundamental positions for a particular conflict is influenced by the nature of the task, the circumstances, and the negotiator's personality.”<sup>34</sup>

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<sup>34</sup> Ibidem, 52.

## **4. The Role of Culture in International Business Negotiations**

### **4.1. Cultural differences and similarities across countries and regions**

For a behaviour, mode of thinking, or interaction to be considered part of a culture, it must be shared among the members of a particular group. While certain cultural patterns are nearly universally observed among members of a specific culture, it is now evident that societies are not as homogeneous as once assumed. Nonetheless, shared cultural traits are crucial in defining culture and indicating group membership. Culture establishes and sustains boundaries, creating a distinction between "us" (inside the boundary) and "them" (outside the boundary), which can have both adverse and beneficial effects. Cultural differences and the creation of boundaries often lead to conflicts, ethnic tensions, racism, and discrimination.

Individuals who do not share specific cultural attributes are positioned outside the boundaries of the dominant culture or belong to subcultures within it. Subcultures consist of a system of perceptions, values, beliefs, and assumptions that differ from those of the dominant culture. Nation-states typically contain numerous subcultures, which can be based on factors such as religion, region, occupation, social class, ethnicity, or lifestyle. The extent of subcultural variation allowed within a society depends on both the subculture and the dominant culture, as well as their respective value systems.

Organizations developing a global strategy must consider the existence of subcultures in their decision-making processes. For example, a company planning to invest in a foreign country must recognize that a proposed location may be predominantly inhabited by an ethnic minority, making it distinct from other regions in the same country. In India, for instance, there are significant cultural and linguistic differences across various regions. Any organization aiming to expand into India must thoroughly understand the specific area in which it plans to invest.

As culture is a learned behaviour, it is inherently adaptable. Adaptability refers to the ways in which groups interact with their environment to survive and thrive. Human groups primarily utilize cultural mechanisms for adaptation. External factors significantly influence cultural change. For example, clear distinctions between East and West Germans can be traced back to the political division of Germany after World War II, resulting in structural, value-based, and other cultural differences despite a shared centuries-old German heritage.

Culture profoundly impacts the communication and interaction methods of its members. These interactions are manifested in various cultural forms. Although several cultural forms are present across all cultures, they are expressed differently in different societies. Examples of these forms include family structures, religious practices, marriage customs, trade activities, educational systems, artistic expressions, and musical traditions. The interaction of these cultural forms significantly affects business practices, especially international business, across different societies.

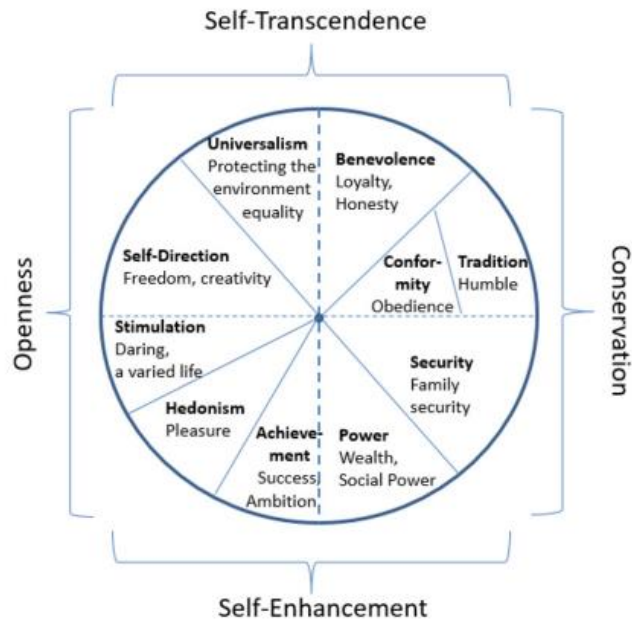
### **Research Findings**

Over the last three decades, researchers globally surveyed people about the importance of various values in their lives. They found a consistent framework of human values spanning over 80 countries. This structure shows that similar values tend to cluster together, indicating motivational compatibility within each cluster. “Schwartz's model identifies 10 distinct value types, including benevolence, tradition, conformity, security, power, achievement, hedonism, stimulation, self-direction, and universalism.”<sup>35</sup>

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<sup>35</sup> Hanel, Philip H. P., Gregory R. Maio, Aline K. S. Soares, Katherina C. Vione, Guilherme L. de Holanda Coelho, Vânia V. Gouveia, Ashok C. Patil, Shridhar V. Kamble, and Antony S. R. Manstead. 2018. "Cross-Cultural Differences and Similarities in Human Value Instantiation."

**Figure 5** Schwartz' (1992) circumplex model of human values<sup>36</sup>



These values are grouped into four higher-order types based on two main dimensions: openness versus conservation values, and self-transcendence versus self-enhancement values. Values closer on these dimensions are positively correlated due to shared motivational traits, while those at opposing ends are negatively correlated, reflecting conflicting motivations.

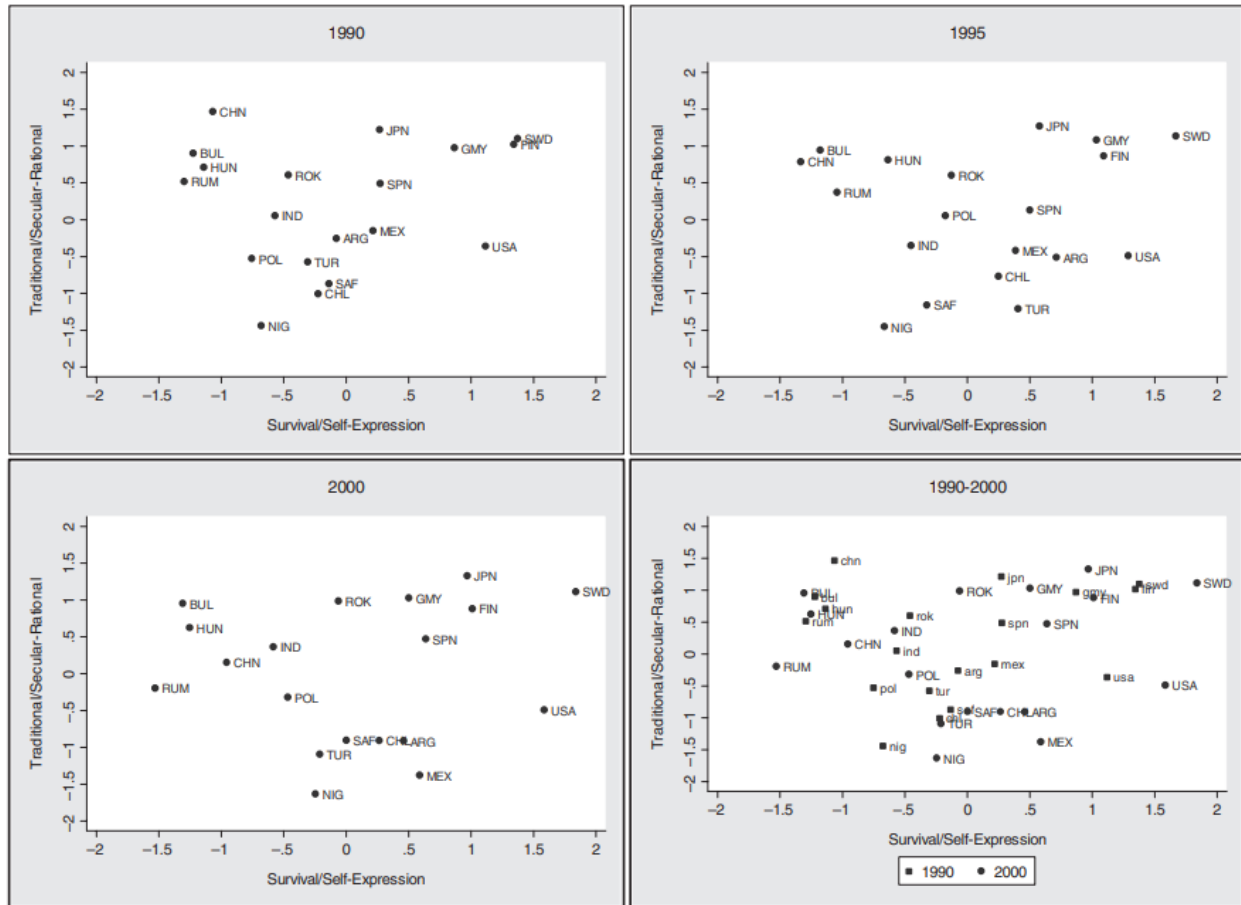
Research by Bart Bonikowski at Princeton University provides further insights into global cultural dynamics using data from the World Values Survey (WVS) across 19 countries during 1990, 1995, and 2000. Bonikowski's analysis employs factor analysis to identify two dimensions of cultural differentiation: traditional survival versus self-expression and versus secular-rational.

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<sup>36</sup> Ibidem

**Figure 6** Country positions in factor analytic space

Source: Bonikowski, Bart. "Cross-National Interaction and Cultural Similarity." Princeton University.



His findings illustrate how economic development, religiosity, and social interactions shape cultural shifts between nations over time. Bonikowski's study emphasizes that cultural changes are relational, highlighting shifts in cultural similarity and distance between countries rather than absolute positions. For instance, Bonikowski shows how countries like China and India moved closer culturally over the studied period, despite their distinct histories and development paths.

Moreover, Bonikowski's research underscores that cultural dynamics are not static; they evolve through interactions influenced by economic ties, social networks, and shared global trends. These dynamics are crucial for organizations formulating global strategies, as understanding cultural variations can significantly impact market entry, consumer behaviour, and business success. By recognizing and adapting to cultural differences, organizations can enhance their effectiveness in diverse cultural environments and foster sustainable international partnerships.



Key characteristic of culture is that cultural forms are interconnected within a system. “Cultural analysis and discussion of cultural customs require separate study of each part of culture. However, culture is a complex whole similar to a spider's web. All aspects of culture are directly or indirectly interconnected.”<sup>37</sup>

## **4.2. Business English as a Lingua Franca**

“Intercultural communication refers to the interaction and communication among people from different cultures, encompassing both verbal (language) and non-verbal communication (facial expressions, gestures, body language). Language, being the most crucial medium of human communication, plays a significant role in reflecting human attitudes, diverse value systems, and worldviews.”<sup>38</sup>

When individuals do not share a native language, they often rely on a widely recognized language for communication, commonly referred to as a lingua franca. “In today's business world, English serves as the lingua franca, facilitating communication among businesspeople from various cultures. Furthermore, the European Commission emphasizes the need for multilingualism and the importance of intercultural competence in employment, economic development, and strengthening social cohesion.”<sup>39</sup>

To develop effective cross-cultural negotiation strategies, it is crucial to understand the fundamental concepts of intercultural communication and competence in business English teaching. These concepts include intercultural communication, culture, intercultural competence, and Business English as a Lingua Franca (BELF).

“Culture refers to a set of characteristic features shared by a particular social group, which are learned rather than innate. For instance, members of a social group having two hands is an innate characteristic, while specific hand gestures are cultural features.”<sup>40</sup>

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<sup>37</sup> Rouse, M., Rouse, S., *Poslovne Komunikacije*. Masmedia, 77.

<sup>38</sup> Nešković, D., 2012., *Interkulturalni pomoci u multikulturalnom društvu*, *Ekvilibrij-časopis studenata pedagogije Hrvatske*, br.1., 4-5.

<sup>39</sup> European Commission, 2008., *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee, and the Committee of the Regions: Multilingualism: An Asset for Europe and a Shared Commitment*

<sup>40</sup> Allwood, J., ed. *Tvärkulturell kommunikation (Intercultural Communication)*. Papers in Anthropological Linguistics 12. Göteborg: University of Göteborg

Intercultural communication represents one of the essential prerequisites for coexistence among people worldwide. It involves verbal and non-verbal interaction and communication among individuals from different backgrounds and social statuses. In the Anglo-Saxon world, this term is also known as cross-cultural communication. According to Allwood, “Intercultural communication refers to the exchange of information at different levels of awareness and control between individuals from diverse cultural backgrounds. This includes both national cultural differences and those arising from participation in various activities within a national context.”<sup>41</sup>

As previously noted, business English has become the lingua franca of the international business world. In today's multinational corporations, knowledge of business English is a fundamental competence. Linguists have labelled this version of English as Business English as a Lingua Franca (BELF) to illustrate its extensive use in intercultural business communication.

BELF refers to the use of English as a neutral and universal mode of communication.

“BELF is neutral because no speaker can claim it as their native language; it is common in the sense of business discourse in the global business community, whose members voluntarily use BELF – they are neither native speakers nor learning it”<sup>42</sup>

“Knowledge of BELF is demonstrated through the clarity and precision of content (focusing more on substance than grammatical correctness) and familiarity with business terminology and genre conventions (beyond general English proficiency). Furthermore, BELF facilitates communication among non-native speakers from different cultures, making relational orientation an integral part of BELF knowledge.”<sup>43</sup>

However, the relationship between BELF and cultural learning is complex. For instance, Meierkord discusses two different views on the connection between culture and a specific jargon. “The first view argues for the cultural neutrality of jargon, as speakers come from different cultural backgrounds. The second view, which Meierkord agrees with, posits that speakers bring their

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<sup>41</sup> Ibidem

<sup>42</sup> Louhiala-Salminen, L.M. Charles, and A. Kankaanranta., "English as a Lingua Franca in Nordic Corporate Mergers: Two Case Companies." *English for Specific Purposes* 24: 403–404.

<sup>43</sup> Kankaanranta, A. and Planken, B., “BELF competence as business knowledge of internationally operating business professionals. *Journal of Business Communication*” 47(4), 380-407.

cultural elements into the jargon.”<sup>44</sup> Thus, BELF speakers may belong to a common international business culture while retaining their specific cultures, which vary from speaker to speaker.

According to Kankaaranta, “communication through BELF is always intercultural, as its speakers, often from different cultures, share the contextual reality of the business world and a specific business culture.”<sup>45</sup> Moreover, English used in the international business world is significantly marked by various cultural elements of the speakers, such as the discursive features of their native languages and particularly their implicit communication rules.

### **4.3.Strategies for effective cross-cultural negotiations**

Effective cross-cultural negotiations in international business necessitate thorough preparation and a profound understanding of diverse cultural contexts, legal frameworks, business practices, and socio-economic dynamics. The following strategies are essential for enhancing effectiveness in such negotiations:

#### **Cultural Awareness:**

- Recognition and Respect for Cultural Differences:

Understanding and respecting cultural distinctions is crucial to avoid misunderstandings. Misinterpreting cultural differences as individual differences can lead to conflicts. Effective negotiators should develop cultural cognition, encompassing market dynamics, trends, and potential obstacles.

- Comprehending Key Cultural Dimensions:

It is vital to grasp cultural dimensions like individualism versus collectivism, power distance, and the importance of relationship-building. Rodríguez-Izquierdo emphasizes, “Grasping the cultural norms and values of the other party, demonstrating respect for their culture, and adapting communication accordingly is an effective strategy for ensuring that negotiations are successful and enduring.”<sup>46</sup>

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<sup>44</sup> Meierkord, C. “‘Language Stripped Bare’ or ‘Linguistic Masala’? Culture in Lingua Franca Conversation.” 109.

<sup>45</sup> Kankaaranta, A. “Business English Lingua Franca in Intercultural (Business) Communication” 22-27.

<sup>46</sup> Rodríguez-Izquierdo, R.M. “Researching the links between social-emotional learning and intercultural education: Strategies for enacting a culturally relevant teaching”. *Intercultural Education*, 335-350.

### **Effective Communication and Flexibility:**

- Clear Articulation of Key Points:

Use simple and concise language to clearly articulate key points and justifications, especially in the presence of language barriers.

- Adaptability and Creative Solutions:

Flexibility is paramount. Be prepared to adapt strategies and offer creative solutions in response to evolving circumstances. Sunstein notes, “In cross-cultural negotiations, conflicts may arise when individuals lack flexibility and do not provide any latitude for the other party in emergencies.”<sup>47</sup>

- Leveraging Diverse Teams:

Employing diverse teams with varied cultural expertise significantly enhances negotiation outcomes. Toomey and Dorjee state, “In many businesses, where individuals from diverse cultural backgrounds and various skill sets are involved, having cultural expertise is a significant advantage in international negotiations.”<sup>48</sup>

### **Problem Solving, Risk Assessment, and Innovation:**

- Focus on Problem-Solving:

Prioritize problem-solving over positional bargaining to overcome cultural misunderstandings and address conflicting opinions. This collaborative approach creates win-win situations.

- Incorporating Innovation:

Embrace new products, technologies, and organizational structures to enhance performance and sustainability. Tian asserts, “Innovation involves the application of a range of new and creative elements, including new products or services, advanced technology, and the implementation of

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<sup>47</sup> Sunstein, Cass R. *Legal Reasoning and Political Conflict*, Oxford: Oxford University Press

<sup>48</sup> Ting-Toomey, S. and Dorjee. “Communicating across cultures”. Guilford Publications.

novel organizational structures, plans, and programs. These efforts aim to enhance performance and development, potentially ensuring the sustainability of an organization.”<sup>49</sup>

### **Documentation, Follow-Up, and Continuous Learning**

- Meticulous Documentation:

Ensure thorough documentation of all agreements, clauses, and commitments, including accurate translations and reading clauses aloud to prevent misunderstandings.

- Regular Follow-Up:

Monitor and follow up on negotiations and commitments to maintain trust and reinforce agreements. Spector emphasizes, “In international business, it is standard practice to follow up on negotiations and commitments to uphold trust, strengthen the agreements, and assess the overall process.”<sup>50</sup>

- Adapting to Global Changes:

Continuously monitor global changes and update strategies accordingly to achieve optimal outcomes. “To improve processes and adjust strategies as needed, international businesses continuously track global developments and integrate these changes into their business strategies to attain the most favourable outcomes.”<sup>51</sup>

### **Technological Leverage**

- Utilizing Technology for Communication:

Leverage video conferencing, email, instant messaging, and collaboration platforms for effective communication.

- Data Analytics and Insights:

Utilize data analytics to inform strategic decision-making.

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<sup>49</sup> Tian, M., P. Deng, R. Fan, and C. Li. “How does culture influence innovation? A systematic literature review”. *Management Decision*

<sup>50</sup> Spector, B.I. “International Negotiation: A Quarter Century of Research.” *International Negotiation*, 1-3.

<sup>51</sup> *Ibidem*

- Overcoming Language Barriers:

Utilize advanced localization technologies, real-time translations, and language platforms to ensure effective communication. Nicholas Harkiolakis notes, “Language borders disappear now thanks to smart localization technologies, live translations which are provided on the spot, and language platforms.”<sup>52</sup>

- Ensuring Digital Record Security:

Maintain digital record security to ensure confidentiality, integrity, and compliance with privacy regulations. Harkiolakis emphasizes, “Digital record security is crucial in business. Its purpose involves implementing measures to ensure sufficient confidentiality, integrity, and compliance with established privacy regulations.”<sup>53</sup>

By adopting these strategies, international businesses can navigate cross-cultural negotiations more effectively, fostering successful and long-term partnerships.

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<sup>52</sup> Harkiolakis N. “e-Negotiations: Networking and Cross-cultural Business Transactions” no. 10: 59-73

<sup>53</sup> Ibidem

## **Conclusion**

This thesis has extensively explored how culture affects business negotiations, uncovering the complex ways in which cultural differences influence negotiation strategies, communication, and outcomes. The investigation has highlighted several critical insights into how cultural contexts influence international business interactions and has provided practical recommendations for navigating these complexities.

The study began by defining culture in the realm of business negotiations, emphasizing its multifaceted nature and the importance of understanding various cultural dimensions. Key frameworks such as Hofstede's Cultural Dimensions have been instrumental in illuminating how factors like power distance, individualism versus collectivism, and uncertainty avoidance affect negotiation styles and practices. These dimensions have shown that cultural values and norms significantly influence how parties approach negotiations, manage conflicts, and build relationships.

In analysing different negotiation styles, this research has underscored the contrast between direct and indirect communication, relationship-oriented and task-oriented approaches, and monochronic versus polychronic time orientations. Each of these aspects has demonstrated how deeply ingrained cultural norms impact negotiation dynamics, illustrating that what is considered effective in one culture may be perceived differently in another. This variability underscores the necessity for negotiators to be culturally informed and adaptable.

The thesis also addressed communication barriers that arise in cross-cultural negotiations. Language differences and varying communication styles often create obstacles that can hinder successful interactions. By proposing strategies for overcoming these barriers, the research offers practical guidance for enhancing clarity and reducing misunderstandings. Emphasizing the role of Business English as a lingua franca, the study has demonstrated how a common language can bridge cultural gaps while also highlighting the need for sensitivity to cultural nuances within this framework.

The final sections provided strategies for effective cross-cultural negotiations, focusing on cultural awareness, flexibility, and problem-solving. Key recommendations include understanding cultural dimensions, adapting negotiation tactics to fit cultural contexts, and leveraging diverse teams to

enhance negotiation outcomes. The importance of ongoing learning and adaptation in response to global changes was also emphasized, reinforcing the dynamic nature of international business.

In summary, this thesis has contributed to a deeper understanding of how cultural factors influence business negotiations. The insights gained offer valuable guidance for practitioners seeking to navigate the complexities of international negotiations. By recognizing and respecting cultural differences, negotiators can foster more effective communication, build stronger relationships, and achieve mutually beneficial outcomes. The research underscores the critical role of cultural competence in global business, advocating for continuous adaptation and learning in the ever-evolving landscape of international negotiations.



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