

NEGOTIATION STRATEGIES AND STYLES

**INTERNATIONAL
ORGANIZATIONS**



EGADE Business School
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An international negotiation usually consists of commercial transactions or governmental disputes among countries, but can also happen in the arena of multinational enterprises in various sectors and supply chains, with suppliers of components from all around the world. Usually such negotiation includes multiple parties and deals with several issues simultaneously (customs, logistics, monetary policies, and social and environmental aspects, among others). Furthermore, there are numerous meetings that can last days, weeks, or months, and the groups of negotiators can vary when necessary.

We should not forget the case of companies in the same location, without leaving the country, which have a labor rainbow representing many nationalities. This diversity, in fact, gives them their strength. We should see internationalism as a great challenge, but also as an enormous opportunity for growth (in every way).

Let's begin by understanding the implication of international negotiation for Antonio, who works in a family business in the Midwest in the United States. His family has been producing artisan honey, thanks to generations of apiculture. Antonio works at the company and lives 3 kilometers from the plant, having driven there every day during the last 15 years.

Recently, the company was bought by a multinational interested in the German market, where great quantities of organic honey are consumed. The new owners were desperate to find international suppliers because of the crisis caused by the shrinking population of honeybees, added to the vicious cycle of diminished pollination, and the need to find flora in places farther and farther away from the production centers.



Antonio has been asked to accompany John Sebastian,

an experienced “steppenwolf,” of international sales, with an impressive portfolio of outstanding success on four continents. Antonio has never traveled beyond the Midwest, and doesn't even have a passport. His mission will be to explain to potential German clients that, although his honey doesn't have “organic,” certification from the USDA (United States Department of Agriculture), it is still natural, raw, unadulterated, unfiltered, and unprocessed, besides having been produced by bees that are not (in theory) genetically modified.

Just one day before leaving for Europe, John fractured his hip on a visit to the installations of the recently acquired company; therefore Antonio will need to take on the mission by himself. Hoping to overcome the fear he's feeling, Antonio asks John for help. He is advised to follow what John calls “mini-specs” (minimum specifications) of the international negotiator. John assures Antonio that if he learns them and uses them, he will be happy with the results:

Constantly be aware of the complexity of the situation

Avoid stereotyping and respect the differences

Practice active listening and ask questions, even if they seem trivial

Learn to distinguish perspectives

**Always act honestly.
(Are organic and natural really the same?)**

Furthermore, John gives Antonio the following recommendations and warnings, since he will spend the weekend in Germany to think about the situation, before the first meeting with the German negotiators:

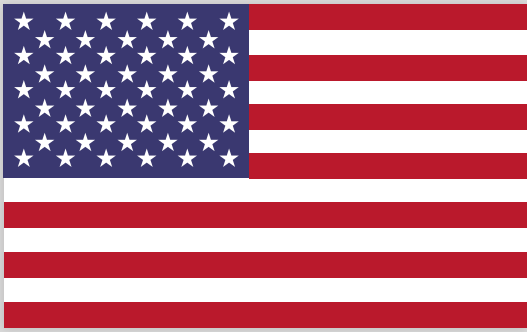
“International negotiations are very demanding because of the different time zone, cultural differences, language, food, and lodging. Furthermore, there is greater susceptibility to illness because of stress. Therefore, the negotiator should be in optimal physical and mental conditions.

In order to adapt, it's best to arrive two or three days before the date of the negotiation. That time should be spent talking with your interlocutor or translator, and reviewing the material that will be used in the negotiation. It's very important to be prepared for the negotiation before leaving home.”

Do you think you can adopt these recommendations in your next international negotiation?

Study them and practice them; they will be very useful!

We've taken the first steps, but the learning must continue and will become more and more demanding. On his return from Germany, Antonio met with John to explain that, although the sale wasn't made, a group of Germans would visit the plant in the following week to see the alternative (semi-organic) honey that Antonio had offered. There was also a group of Japanese businessmen and another group of Spaniards who were coming. On this occasion, John trained Antonio on the tactic of time management in different cultures for international negotiation (Hendon, et al, 1996):



Time as a negotiation tactic (USA) American negotiators tend to minimize the time spent on activities not related to the beginning of the negotiations themselves, usually acting as if today were the last day of their lives. They negotiate with conviction and interpret delay and indecision as signs of evasion or incompetence. "Time is gold."



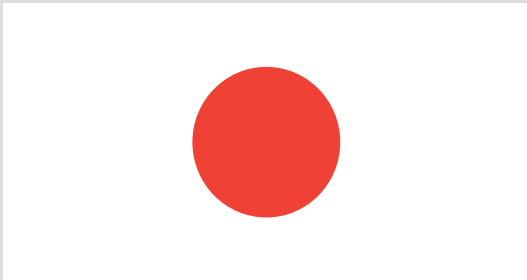
Time as a negotiation tactic (Germany) Germans spend a lot of time in procedural aspects. They want well-planned and well-organized negotiations that are efficient and effective and use a set agenda and organization as the means to achieve these ends.



Time as a negotiation tactic (Spain) Spanish negotiators need to establish a climate of confidence as the first step to build loyalty and trust, concentrating on family and mutual friends. Spaniards believe there's a lot of time and move slowly. They see negotiation as a pleasant process, with the results almost a sub product.

**Time as a negotiation tactic (China)**

The Chinese are more relaxed and move at a comfortable speed that meets their personal and national interests. This deceleration is sometimes employed as a conscious trick in negotiation to exasperate their counterpart, if he tends to be impatient.

**Time as a negotiation tactic (Japan)**

The Japanese prefer relatively short sessions, but need numerous sessions with long periods of time between them. The group should exhaust all of the issues and reach consensus over their next posture before meeting again with their counterpart.

**Time as a negotiation tactic (México)**

In Mexico, schedule commitments are desirable but not firm promises. Mexicans tend to put people before work and don't allow schedules or business to interfere with family or friends.

To complete the training program in international negotiation, John Sebastian and Antonio, in coordination with the human resources department, organized a workshop and seminar for the personnel in sales and at the company. As a frame of reference, they used the six cultural dimensions developed by the social psychologist Geert Hofstede (Culture and Organizations, 2010), a pioneer in the study of relationships among national cultures.

Hofstede's cultural dimensions provide a broader frame of reference that can be used to plan international negotiation more effectively. From this perspective, it is possible to characterize the cultural tendencies of countries in six dimensions that represent a continuum with upper and lower extremes among which each country can be located comparatively with respect to other countries. This does not imply that everyone in a country behaves in the same manner (stereotypes), but only that there is a generalized tendency for specific behaviors, which is known as the law of large numbers in statistics.

Of course there can be individual differences among individuals of the same culture (prototypes); therefore, the cultural dimensions can also extend into the organizational environment.

Hofstede's **six cultural dimensions** are: the power distance index (strength of social hierarchy), individualism vs. collectivism, the uncertainty avoidance index, masculinity vs. femininity, short-term vs. long term orientation, restraint vs. indulgence. Cultural dimensions are on a continuum and cultures are located somewhere between the two extremes, indicating the emphasis in each country.



Power Distance Index

In organizations, this is interpreted as the vertical line of hierarchy. Authority is unquestionable the greater the distance. On the other extreme are flatter, more democratic organizations.

A high index in this dimension corresponds to countries that lack equity, and power is often associated with wealth. This frequently occurs in Latin American countries, and the region is considered the most unequal of the planet.



Individualism

The opposite of individualism is collectivism. In organizations, this is understood as orientation to teamwork and collaborative groups. This reflects the norms of the countries considered individualistic such as the English-speaking ones like Canada, and Australia, and Germany. On the other extreme are the collectivist countries such as Latin America.



Masculinity

Masculinity and femininity do not refer directly to gender, but rather to values considered masculine, which prioritizes work, competence, and results (Japan, Italy, Slovakia); and those considered feminine, oriented more to collaboration, good relationships, and quality of life rather than work (Holland, Norway, Sweden). These are precisely the two variables that make up negotiation's dual matrix.



Uncertainty Avoidance Index

When there is a culture of entrepreneurship, innovation, and creativity, accompanied by risk capital, the decision-making for entrepreneurs facing uncertainty has to be more daring (the Nordic countries and Anglo-Saxon ones). This allows highly innovative companies to flourish, such as Apple, Google, and 3M. On the other extreme, where there is a lack of confidence in institutions, with ambiguous, unpredictable leadership (Greece, Portugal, Guatemala), there is also an abundance of rules and safeguards which contribute to administrative bureaucracy.



Long-Term Orientation

Strategic planning takes place in organizations preparing for the future, administering organizational learning and exploring social, cultural, environmental, and political tendencies (China, Korea). On the other extreme are organizations surviving day to day, worrying only about operation and the efficiency of their processes (ISO 9000) and wanting immediate results, and strategic thinking skills in top management (Spain, England, USA).



Indulgence

A high score on indulgence refers to organizations that foster relationships, friendships, free time, and positivism. On occasions, when these attitudes are exaggerated, errors in decision-making and ethical breaches can be overlooked because comradery and friendship are privileged (México, Venezuela). At the other extreme of indulgence (self-restraint) would be an environment of negativism and the undermining of good relationships (Pakistan, Egypt).

Geert Hofstede developed these cultural dimensions to improve intercultural communication and promote the **understanding of other cultures**, at the level of countries whose behaviors that can be translated in the business environment.

At EGADE Business School an interesting investigation has been developing in the context of the LATAM initiative, which, among other things, is concerned with the **cultural impact** on the development of Latin American countries. In this context an MBA student, Bernardo Sánchez, has begun to map the different countries in the region according to Hofstede's cultural dimensions. Below are the preliminary results:

1. Countries in the LATAM region do not have identical cultural dimensions, as traditionally believed because of the shared common language. The ability to negotiate with one country doesn't mean that the other cultures can be dealt with in the same manner. The greatest disparity among the countries is in the cultural dimension of indulgence.
2. All the countries do coincide with a high level of aversion for uncertainty, which is bad news for long-term integrative negotiations, requiring creativity and trust in institutions.
3. A low level of individualism was observed, leading to the conclusion that group and collective initiatives are preferred by the citizens. Furthermore, long-term vision here is a weak cultural dimension.

You can use these concepts, beginning by practicing the open version in order to conduct a demo to prepare a negotiation that you plan to realize in the near future.

We can't end this section without warning that the behaviors manifested by negotiation styles or profiles are compatible and stimulate the processes inherent to international negotiations. Remember that a **collaborative profile** is a more modern style of negotiation and reflects cooperative and empathetic behaviors, based on mutual trust among the parties. There is a permanent concern to maintain productive long-term relationships, and to be focused on the solution of complex problems. This kind of negotiation requires special skills and takes time, but the results are frequently amazing; it is also known as the "win-win" style of negotiation.

Bibliographic References

- S. A. (2010). Culture and Organizations. Software of the Mind McGraw-Hill
- Hendon, D., Hendon, R., Herbig, P. (1996). Business & Economics. Greenwood Publishing Group