

The Role of Culture in International Business Negotiation Outcomes

Abstract

It is well established that culture plays a key role in the outcome of international business negotiations. However, to date this research has mainly focused on comparisons of cultures and their ways of doing business. However, with the increasing number of global MNEs with staff from all over the world, this direct comparison becomes less relevant. What is more important, is to be aware of the melting pot of cultures and accompanying cultural differences in order to harness them in the most productive way. This research seeks to look at culture as an enabling tool; as a means of ensuring positive negotiation outcomes. Here we use four case studies with companies in Switzerland and the UK, with all companies involved doing business internationally. We also investigate the importance of preparation prior to negotiations with respect to cultural issues and the impact of language differences on the outcome. Our findings strongly reinforce the proposition that thorough preparation positively affects negotiation outcomes. Further research is warranted to compare and contrast the negotiation outcomes of those companies that carry out preparation (both culturally and deal-specific) with those that do not.

Keywords: international business negotiations, cross cultural communication

1. Introduction

Cultural backgrounds can be highly influential on business negotiation outcomes (Brake, et al., 1995; Graham, 1985; Lewicki, et al., 2003) and thus, can have great implications for long-term success in overseas markets. To date, many comparative studies have been conducted between cultures and countries including the following: US and Japan (Oikawa & Tauner, 1992; Graham & Yoshihiro, 1986), Canada, Mexico and US (Adler, et al., 1987), US and Canada (Williamson, 1996), US and Russia (Roemer et al., 1999), Norway and Mexico (Natlandsmyr & Rogues, 1995; Volkema, 1998), China and Hong Kong (Leung & Yeung, 1995), US and Taiwan (Drake, 1995), US and Mexico (Husted, 1996), China and Canada (Tse, et al., 1994; Hung, 1998), US and China (Tung, 1989, Adler, et al., 1992), India and China (Rajesh & Verner, 1998) and Brazil, Japan and US (Graham, 1985). However, with the increasing number of globally diverse MNEs, country traits becomes less relevant. What is more important, is to be aware of the melting pot of cultures and accompanying cultural differences in order to harness them in the most productive way.

1.1 Research objectives

This research investigates the effect of culture on business negotiations from a European perspective, using Swiss and UK companies as case studies. In this context, we also analyse the importance of preparation prior to negotiation. Using these two particular countries is interesting, as both are geographically located in Europe, without being in close proximity (culturally or geographically) and both have workforces from mixed cultural backgrounds.

Communication and language are a central part of negotiation success (Adair & Brett, 2004; Adler & Graham, 1989; Lin & Miller, 2003). As British people primarily negotiate only in English, the other foreign party (in this case Swiss) in a negotiation process has to adapt and communicate in English, both verbally and in writing. This can be a source of misunderstanding and can adversely affect the outcome of the deal. Preparation prior to negotiations is also an important success factor (Brett, et al., 1998; Ghauri, 1996; Fang, et al., 2004). Information gathered prior to starting the face-to-face negotiation can be exceptionally valuable for the development of the rest of the process and its outcome.

Our research objectives can thus be summarised as follows:

- Evaluation of the effect of culture on negotiations
- The importance of preparation prior to negotiations with respect to cultural issues
- The impact of culture, communication and language on the outcome of cross-cultural negotiations.

2. Existing literature

2.1 International business negotiations

The process of negotiations can be described in a number of ways. Ghauri (1996) proposes a framework that states there are three factors involved in every business negotiation process; background factors (environment, market position, personalities, presence of third parties, etc.), atmosphere (conflict and cooperation, power and dependence relation and expectations of the counterparts) and negotiation process (pre-negotiation, face-to-face negotiation and post-negotiation). If not managed well, cultural differences can result in delays, disagreements, misunderstandings and even deadlock between the parties (Bangert & Pirzada, 1992; Simintrias & Thomas, 1998; Walker, et.al, 2003).

Moran & Stripp (1991) identified four factors that affect intercultural negotiation outcomes; policy (e.g. selection of negotiator), interaction (value of time), deliberation (risk-taking propensity), and outcome (form of satisfactory agreement). A broader framework by Phatak & Habib (1996) states that the process and outcomes of international business negotiations are influenced by two contextual factors; the environmental context which is beyond the control of either of the parties involved (e.g. currency fluctuations and legal pluralism), and the immediate context where the negotiators can some extent control the negotiation process (e.g. level of conflict and relative bargaining power). Jointly, these two factors have an impact on the negotiation process outcome. Other aspects of negotiating across borders are listed by Casse & Deol (1991). They emphasise that there are numerous aspects to be considered, such as the appreciation of cultural differences, establishing credibility, managing conflicting interests, narrowing down differences and the emphasis of commonalities.

2.2 Cross-cultural negotiations

Cultural differences can pose big challenges to the negotiating process (Posses, 1978; Deresky, 1994; Hampden & Trompenaars, 2000; Hendon, et al., 1998), greatly influencing the outcome (positively or negatively depending on the cultural mix). Culture governs the way people act, as well as what they believe is important (values) and what they perceive as proper and acceptable conduct (norms) (Bangert & Pirzada, 1992; Hall, 1976; Hall & Hall, 1990; Harris & Moran, 1987; Trompenaars, 1997). Fraser & Zarkada-Fraser (2002) identified four aspects of culture, which are norms of behaviour and expression of feelings; norms of relationship building; value of group relationships and the way people relate to in and out groups; and value of time and attitude towards the future. The taxonomy that is mostly used to study culture is Hofstede's (1991) dimensional model of culture (power distance (PDI), uncertainty avoidance (UAI), individualism versus collectivism (IDV) and masculinity versus femininity (MAS), and latterly long term orientation (LTO).

Research has shown that negotiation practices differ from culture to culture (e.g. Adair & Brett, 2004; Brake, et al., 1995; Campbell, et al., 1988; Graham, et al., 1988; Walker, et al., 2003). National culture affects negotiations both directly and indirectly. Culture can influence "negotiating style" and this is evident from the fact that negotiation practices differ from culture to culture (Salacuse, 1998; Lin & Miller, 2003; Brett & Gelfand, 2005). Cross-cultural negotiations bring into contact unfamiliar sets of categories, rules, plans and behaviours that can potentially result in conflict (Ting-Toomey & Kurogi, 1998; Weiss, 1994). According to Lewicki et al. (2003) and Cellich & Jain (2004), culture can influence negotiations in eight different ways, namely the definition of the negotiation, the selection of the negotiators, the protocol, communication, time, risk propensity, groups versus individual negotiators and nature of agreements.

According to Weiss (1994), the familiarity of the negotiator with the counterpart's culture is crucial in order to overcome the barriers and hurdles that culture poses. Therefore, the more aware a party is of the counterpart's culture, the more likely it is to pursue a culturally sensitive strategy, hence increasing the chances of efficient and fruitful negotiations. Effectively

implemented, such a strategy allows the negotiators to communicate their respective concerns and respond to each other's concerns in order to reach agreement. The author identifies eight culturally responsive strategies on the basis of the familiarity of the parties with their counterparts' culture. He claims that in the cases of relatively high familiarity of one of the parties for the other party's culture and low familiarity of the counterpart for the other party's culture, the first party tends to embrace the counterpart's script and the latter party tries to induce its counterpart to embrace its own negotiation script.

As negotiations usually take part between two parties and these two parties usually stay the same throughout the process, the importance of the members of these teams appears to be crucial. It is said the culture influences the member's negotiations through their conceptualisation of the process, the aims they target and the expectations they hold of the opposite party (Lewicki et al., 2003). Pathak & Habib (1996, 37) emphasise this fact when they state that the "negotiators cultural background had perhaps the most profound impact on the negotiation process".

Some scholars believe that one of the root causes of most problems in international business is the so-called "self-reference criterion". Lee (2000) defines this criterion as the "unconscious reference to one's own cultural values" which means that people will always compare others to how they are themselves. Lee's (2000) analysed the problems of subsidiaries and headquarters and found out that the main discussed issues of the subsidiaries were; the communication with the headquarters and also the adaptation to the local cultural differences. To solve these common problems, Lee (2000) proposed that "business adaptation" was the way forward. This means that the goals of the company stay the same, however, the problems and setbacks which are caused by cultural differences are minimised. When going abroad, products will have to be modified and adapted to the local culture of the customers. But not only do the products have to be adapted, but also the habitual thinking patterns have to be modified.

Walker, et al., (2003) constructed a "cultural orientations model" where they defined ten dimensions of culture and their affect on negotiations. These dimensions, illustrated underneath, are the following: environment, time, action, communication, space, power, individualism,

competitiveness, structure and thinking. The environment defines how individuals see and relate to people and issues; time includes how people perceive time and its use. Action describes how people view interactions and actions, while communication analyses how cultures express themselves. Space measures the distance that people need to feel comfortable with others and power relates to how individuals view relationships between different hierarchies. Individualism relates through whom (individual or group) they define themselves, whereas competitiveness considers how individuals are motivated. Structure defines how individuals see change, risk and uncertainty and finally, thinking relates to how individuals conceptualise.

3. Conceptual model

Following analysis of the dimensions of culture that have the most direct impact on negotiations from the literature (Ghauri & Usunier, 1996; Walker et al., 2003 and Hofstede, 1991), the salient factors were amalgamated into six distinct aspects to produce an inclusive model for the purposes this study.

[Take in Figure 1]

Language and communication, includes Ghauri's (1996) "patterns of communication", Usunier's (1996) "language and communication", and Walker, et al.'s (2003) "communication." This first dimension emphasises the importance of the different languages spoken, the different ways of communication, such as high context-low context, direct-indirect, expressive-instrumental, and formal-informal communication. Relationship patterns, includes Ghauri's (1996) "emphasis on personal relations" and Usunier's (1996) "relationship patterns", discussing for example, the importance of long-term relationships or if people do business without knowing each other. Uncertainty avoidance draws on Hofstede's (1991) work which discusses, first and foremost, the degree to which one feels uncomfortable in risky, unpredictable and ambiguous situations. However it also includes Walker, et al.'s (2003) "structure" aspect. Time orientation discusses the importance of punctuality and different views towards time orientations. Value systems feature in all the previous models, encompassing "individualism versus collectivism", leadership styles, relationships between superiors and subordinates and the power between different hierarchies. Lastly, mindsets includes Usunier's (1996) "mindsets" and Walker, et al.'s

(2003) “structure” and “thinking” which discusses aspects such as how negotiators gather information and handle problems. Preparation has long been identified as a vital factor for successful negotiations (Posses, 1978, Graham, 1985; Ghauri, 1996; Salacuse, 1998). In our model, this important aspect has been incorporated, showing that preparation influences the ability and knowledge of the negotiator, influencing therefore the negotiation itself, and ultimately, the outcome.

Our model also proposes that culture has an impact on the negotiations across all three stages as defined by Ghauri (1996) (i.e. pre-negotiation, face-to-face negotiation and post-negotiation). Moreover, the preparation of each negotiator has an impact on the negotiations and hence, on the outcome. Some cultural aspects have more impact on one stage than the others. For example, the relationship patterns influence the pre-negotiations and the post-negotiation stage, whereas time orientations have a greater impact on the face-to-face negotiation. Subsequently, the impact of culture and the negotiations between two or more parties will influence the outcome of the negotiations. We suggest that this outcome can be positive or negative, depending on the degree of preparation of the negotiators.

4. Methodology

Owing to the nature of the research objectives, a qualitative approach using semi-structured interviews has been employed (Ghauri & Gronhaug, 2005; Yin, 2003). We chose an exploratory research design method and designed semi structured interview questionnaires. Several companies were contacted who fitted the following criteria a) actively trade across national borders b) have carried out international business negotiations for at least three years c) are Swiss or deal with Swiss counterparts. Four of these agreed to participate; AstraZeneca, GlaxoSmithKline, the Swiss Watch Federation and Burton McCall. All respondents were either Swiss managers or UK managers who deal with Swiss companies (see Table 1 for profiles). As the companies are not from one specific sector or industry, over-representation of industry traits is minimised. The condition of attachment with Switzerland gave us a good anchor point for comparisons.

[Take in Table 1]

Once access had been granted, the questions were forwarded to the interviewees so that they could prepare themselves if they wished. Some interviews were recorded with a Dictaphone and others written and transcribed later. All lasted between one and two hours. Similar questions were asked to all participants, the only difference being in cultural viewpoint (i.e. whether they were Swiss or non-Swiss). The questions were based on evidence from the literature (for example, the importance of time and punctuality) and were divided into background information, preparation, Swiss culture, communication, language, behaviour, and time. However, if one particular aspect seemed to be important, then extra time was spent on that. At the end, the interviewees had the opportunity to add any other thoughts they had on the topic. Follow up e-mails were written to thank the interviewees and in the case of Burton McCall, additional post-interview access was offered. Where possible, we also analysed secondary data, such as company reports, emails and other documents to enable triangulation (Ghauri, 2004). This occurred with Astra Zeneca and Burton McCall. The meaning and experiences of the interviewees were organised into forming rational patterns along the lines of the conceptual model (Ghauri & Grønhaug, 2005). In this way, unified themes by which the individual informants construct their worlds, together with more generalised patterns were sought.

4.1 Overview of case studies

AstraZeneca (AZ) is one of the world's leading pharmaceutical companies, operating in over 100 countries. Sales in 2005 were over \$24 billion, with a profit of \$6.5 billion. Corporate HQ is in London, UK. The company was targeted because, firstly, Manchester Business School and the AstraZeneca site (located near to Macclesfield) have a sociable relationship. Secondly, the pharmaceutical and chemical industry represents a major business sector in Switzerland.

Burton McCall is a privately owned business, established over 50 years ago and is the UK distributor of branded goods, including Swiss flagbearers such as Victorinox (knives and travel gear), Sigg (bottles), Mondaine (watches) and Felca (secateurs). They are the exclusive UK importer and enjoy a good position in the market. The purpose is to import these products and sell and distribute them to its clients who are European high-street retailers such as:

Selfridge's, Galérie LaFayette and Jelmoli. This company has been targeted because it buys the majority of its products directly from Switzerland, meaning repeat interactions with the Swiss. We interviewed two managers, both of whom deal directly with Swiss suppliers; the Director of Brand Development and the Managing Director of Victorinox.

GlaxoSmithKline (GSK) is one of the world's leading pharmaceutical and healthcare companies, based in 116 countries. In 2005 sales exceeded £21 billion, with a profit of almost £6.9 billion. Global HQ is in London, UK, and the organization employs 110,000 people worldwide. GSK's Communication Director was interviewed from the company's offices in Switzerland. He is a Swiss national (Swiss-German speaking), making his information particularly insightful, as the Swiss perspective was analysed from its source. He mainly deals with UK HQ, meaning he is well versed in subsidiary-HQ relationships.

The Federation of the Swiss Watch Industry is the Swiss watch industry's leading trade association, with its headquarters in the bilingual city of Biel/Bienne. It is a privately owned, professional and non-profit organisation, which brings together over 90% of the industry, including finished products, watch movements and components. It aims to represent the Swiss watch industry in dealing with Swiss and international organisations. The Federation's President participated in the research, meaning that we gained a good insight into the way Swiss negotiate. He has the duty to negotiate with governments and other (mainly European) Watch Federations. He also has vast experience of negotiating with several different cultures across Europe, and especially with the UK.

5. Findings

5.1 Preparation

Respondents were questioned about all aspects of negotiation preparation (if they prepare, method, scope, etc.). More specifically, what does the first meeting preparation include in terms of duties, exchange of information and learning about each other. Preparation was not carried out where the parties already knew each other. However, when meeting a new potential business partner, especially from a dissimilar culture, the respondents did prepare. All

respondents stated that when they meet other cultures such as the Japanese or Chinese, they did investigate culture (e.g. greetings, religious factors and other 'dos and don'ts'). The Director of Burton McCall and the AZ Purchasing Manager both mentioned the importance of the different linguistic parts in Switzerland. The Director stated that "it is quite interesting that the culture in Switzerland does change according to where it comes from, quite significantly, if it is rural-French or city-German." As stated by the Director of Burton McCall; "proper planning and preparation prepares for success. Failure to plan is to plan to fail." This preparation includes researching on the Internet (inc. background information, published accounts, quarterly reports, etc.) and by paying third parties (subscription based databases on credit ratings, risk factors, etc.). Respondents also carried out informal 'word of mouth' preparation. Not all of this preparation is carried out by the negotiating team themselves but is instead delegated as appropriate within their organisations.

5.2 *Language and communication*

When asked in what language the UK managers usually negotiated in, all respondents stated English, as "the British were bad at languages" (Director, Burton McCall). The purchasing manager of AZ believed that in general, it was important to speak in the buyer's language (which in this case was English). He added that it was of utmost importance was not to use 'colloquial' English. The Swiss responded in the same way, even though none of the interviewees' native language was English. At Burton McCall they believed that misunderstandings can happen with the Swiss, however, these misunderstandings can even happen when negotiating with the USA and speaking the same language.

When the interviewees were questioned about the communication patterns of the Swiss, interesting statements were made. The UK managers stated that the Swiss generally speak their minds. They believed this to be so because firstly it is in their nature to be direct and secondly, English is not their mother tongue, which means that when they want to say something, they say it very precisely and directly. The Swiss respondents believed that it is more important to state clearly what they want to say, rather than putting it in a nice way.

5.3 *Relationship patterns*

When it comes to long-term relationships, the UK negotiators believe that this is important to the Swiss (e.g. Burton McCall has long standing relationships of over 50 years with all their Swiss business partners). The Swiss take their time to find the right partners and definitely look for the future when considering partners. The AZ Purchasing manager believes that when it comes to relationships, their importance is related to how important the customer is. The Swiss company they deal with is very small in comparison to AZ, which has some impact on the nature of the relationship. However, the Swiss company offers a product that is only offered by two other competitors on the international market.

The MD of Burton McCall stated that ‘it is usual to spend some time in the pre-negotiation phase building up the long-term relationship. We organise hiking weekends and go out for dinner. On a business level, we are friends’. Furthermore, ‘without trust there is no ground for a long-term relationship. The Swiss in particular are always ‘looking for the next generation’.’ The Swiss state that relationships are important and that a long-term orientation is always more favourable. Respondents want to know their counterparts in order to ‘do business’ with them. The Swiss believe that they need more time to get to know people in order to negotiate than the time UK need, who according to the interviewees are culturally similar to the Americans, in that ‘time is money’.

5.4 *Uncertainty avoidance*

The Swiss are not very open, and according to the Director at Burton McCall, they are sometimes inflexible, meaning that when they have discussed something and believe that it will happen in a certain way during the negotiations and it does not, then they do not know what to do. Research has shown that the Swiss do prepare extensively, in order to avoid uncertainty (Hofstede, 1991). The Director of Brand Development stated that ‘when uncertainty hits them (the Swiss), they become dogmatic.’ The Swiss respondents also believe that they try to avoid uncertainty at any cost. They stated that they do not like risk and it makes them feel uneasy when they have to make decisions where they are not sure.

5.5 *Time orientation*

All respondents from both countries stated that the Swiss are punctual and expect their counterparts to be the same, 'which can put pressure on their UK counterparts, according to the Director at Burton McCall. Also, when the Swiss leave messages, and they do not get an answer by the end of the week, they will inquire where the reply is. When the UK negotiators were asked if the Swiss have a single-orientation to time, the answer was yes. They stated that the Swiss prefer to do one thing at a time and this is shown in their logical way of thinking and their professional behaviour. The Managing Director of Victorinox Travel Gear, for example, believes that the Swiss are "very logical and rational and (...) they break the issue into pieces." The Swiss interviewees stated that it is much favourable for them to work in sequences, as they do not like to be disturbed. They prefer to do one task precisely and then tackle the next one, rather than doing a bit of everything.

5.6 Value systems

The strategy of the Swiss is said to be between tough and soft, but tending towards tough. The MD at Burton McCall stated that 'they will play the long game....and will never look you in the eye and say 'no'.' He believes that this means that if the Swiss did not say no, it does not mean that they have agreed. The Swiss thought that they had a middle-tough strategy and they would always listen to their counterparts and their matters of concern. However, they also believed that they do adapt their strategy to the situation, matter and interest at stake of the negotiations. The President of the FHS stated that he is always open for a compromise, however there is a "bottom-line" under which he would not go. He is always ready to discuss a topic. Also, he truly believes that if both parties make a step towards the other, then they can find some kind of compromise. Furthermore, he stated that his strategy depends on the character of the counterparts as well.

When it comes to decision-making, the negotiators interviewed in the UK believe that the Swiss make their decisions in a team. Even though there is one person who normally speaks more or leads the negotiation from the Swiss team, they decide as a team. Only when a decision has to be made about a 'small' issue or topic, then an individual decides. Team effort seems to be important to the Swiss, according to all respondents. Usually an individual negotiator speaks, having backup from the team. This is believed to be like this because it facilitates the

implementation. It appears that particularly in a special area (e.g. technical), no one wants to take the decision (Director at Burton McCall). In the UK, the latter mentioned, managers make the decisions.

In terms of risk taking, this 'is not in the Swiss nature. Everything has to be running like their clockwork. They are organised and avoid taking risks compared to the English (Director at Burton McCall). However, when they can see a possible end result, they will go for it and are much more open. To do that, however, they need to see where the process is going'.

5.7 *Mindsets*

The Swiss can be quite assertive and appear to be blunt and at the same time, they stick to what is agreed. They are very logical and professional and rely on information. From our interview data, the Swiss are very consistent and even predictable. The Swiss always have a clear framework in their own mind, and it appears that if they have a particular viewpoint they can be inflexible. The Swiss want to share their views with their counterparts, and do everything possible to get things right, as they like to be correct.

The Swiss, in their nature, are very reserved. If they do not know someone, they are very careful with what they say. Nonetheless, once they have established trust, believes the Director at Burton McCall, they begin to open up. This point is also emphasised by his colleague who says that 'easiness comes with trust. If they see a level of success, they are prepared to relax and the negotiations become easier'. He added that 'they try to avoid confrontation at all costs'. However, if they have a particular view, then they will be absolutely blunt and 'if that causes conflict, then so be it.' He viewed this trait as inflexibility.

6. Discussion

6.1 *Preparation*

Our findings indicate that negotiators from both sides spend time preparing. This is especially true of the first business meeting. The Swiss prepared more extensively and our respondents indicated that this always positively influenced the negotiation process. Perhaps

unsurprisingly this agrees with the literature in that preparation is important and has a positive effect on international business negotiations (Ghauri, 1996; Posses, 1978; Salacuse, 1998).

However, we also found that the respondents do not prepare themselves particularly in terms of the culture of their counterparts. They believe that it is not necessary, especially when you deal with another European country. From this we can therefore conclude that preparation does influence the business negotiations, but this does not necessarily include preparation with regards to culture.

6.2 *Language and communication*

Our findings revealed that use of a common, clear language positively influenced the negotiation outcomes. English was always spoken at the negotiating table and that interpreters were not used. According to Posses (1978), once a negotiator knows the culture of the counterparts, he can then adapt his way of speaking. This appears to be what happens here. The UK negotiators do adapt slightly, in the way of avoiding word plays, sayings and colloquialisms. The Swiss adapt by speaking more clearly aiming to avoid misunderstandings. The communication style of the Swiss was found to be direct in that they speak their mind and make sure they are understood. We found that communication is largely unproblematic and there were only minor miscommunications.

6.3 *Relationship patterns*

As shown, the Swiss have a long-term relationship orientation. This favours the quality of the business negotiation outcomes between the Swiss and the UK, as both have similar views on this. The relationships patterns of the Swiss influence the negotiations between the UK and Switzerland positively, with the exception of the Swiss not putting their counterparts at ease in the pre-negotiation stage. This coincides with the findings that the Swiss need to trust the counterparts and this process takes longer than for UK negotiators. This is related to the fact that the Swiss are a 'coconut culture', whereas the UK is a 'peach culture' (Hampden-Turner & Trompenaars, 2000; Oertig-Davidson, 2002), meaning that misunderstandings are likely.

6.4 *Uncertainty avoidance*

Our findings agree with the literature in that the Swiss try to avoid uncertainty (Brake et al., 1995; Walker et al., 2003). They avoid intuitive and spontaneous decision-making, which, we found can adversely affect relations between the UK and Swiss negotiating teams. Moreover, when something does not go according to the Swiss plans, they are not sure how to react or what to decide. This is why the Swiss prepare extensively and why uncertainty avoidance influences the business negotiations between the UK and Switzerland. There may also be a link between uncertainty avoidance and trust, because the Swiss take time to get to know their counterparts and to trust them. The fact that the Swiss do not handle the unexpected very well will influence the negotiation process negatively. Nevertheless, if the counterparts are aware of that (either because of experience or preparation) then conflict and problems can be avoided.

6.5 Time orientation

Our findings agree with the literature regarding the importance of punctuality (see Brake et al., 1995; Walker et al., 2003). The Swiss are punctual and expect the same from their counterparts (although they are reluctant to inform their counterparts to be on time as well). This could be because they would simply expect it, just as they expect people do work well in their job without the need for praise (Oertig-Davidson, 2002). This can lead to a bad start to negotiations, as it can upset the Swiss when the counterparts are not on time, making them feel disrespected.

We found that the Swiss have a single-orientation to time, and prefer to do one thing at a time. This matches existing theory (Deresky, 1994; Brake et al., 1995; Walker et al., 2003). This orientation to time reflects their logical and organised viewpoint and explains why they prefer to organise their tasks into timeslots. Hence, it can be said that the preference of single-orientation to time does affect the negotiations between the Swiss and the UK. This is especially true as UK negotiators tend to be somewhere between the single- and polychronic-orientation and therefore find it easier to do several things at once (Deresky, 1994).

6.6 Value systems

We found that the strategy adopted by the Swiss tends to be placed between middle and tough. They play the long game and do avoid saying no. They might not agree, but will avoid

saying so until a later point in the negotiation process. Their strategic behaviour can be classified according to Saner (2003), based on the work of Blake and Mouton (1966) as ‘compromise’ and sometimes as collaborative’. Both parties generally cooperate to a certain extent, but this usually means that they reach an agreement that is only partially satisfactory to each of them (Saner, 2003). This may lead to a bad compromise (i.e. one that favours one side, or is not particularly good for either side). This strategy corresponds to the integrative bargaining approach (Saner, 2003). Hence, from our findings we conclude that the Swiss are in the midway between “unassertive” and “assertive”, however, they are always ready to be cooperative.

We found the Swiss to be very reliable and efficient, expecting everyone else to be the same. This backs up the findings of Oertig-Davidson (2002). This reliability and efficiency influences negotiations in that it makes the process smoother, with fewer unexpected problems and surprises.

The risk averseness of the Swiss can sometimes cause friction, as the UK negotiators take more risks. The Swiss will prefer to take the secure route to decision making, whereas the UK negotiators will be ready to risk something (i.e. money, investment, etc.). This difference occurs because the Swiss want everything to be organised and planned beforehand, hence when something does not go the way they thought it would or when they have to decide about something unexpected, they do not want to take any risks. It is not in their nature. This affects the negotiations because the Swiss would perhaps not want to decide about an issue, whereas the UK negotiators would. This can lead to time loss and misunderstandings.

6.7 *Mindsets*

The Swiss are assertive (or blunt depending on your viewpoint) and like to operate with a clear framework in mind. However, they are also reserved and need a lot of time before they trust their counterparts. This is consistent with the theory (Oertig.Davidson, 2002; Hampden-Turner & Trompenaars, 2000). Trust is an important issue for the Swiss. This can negatively affect negotiations with their UK counterparts in the pre-negotiation phase, as it can appear that the Swiss are not interested in a relationship with them, even though that is most likely to be

untrue. The Swiss' intention is to find out how much both have in common and if the Swiss can trust the UK negotiators. They do not want to be deceived and disappointed.

We found that the Swiss prefer to avoid confrontation and do not want to find themselves in a conflict situation. It might be that the issues are not discussed because of the preference of avoidance, as it makes them feel uneasy. This might be related to the fact that they prefer to rely on data rather than people's ideas. Whatever the reason, mindsets strongly influence the negotiation process.

6.8 Other cultural aspects

Third parties were almost never used in the business negotiations described to us. This is mainly because the Swiss speak English and therefore no interpreters are considered necessary. Similarly lawyers or advisers were seldom used, which saves time and money (in the short term). This approach may however be 'false economy', as misunderstandings can occur with even the most fluent non-native speakers.

7. Conclusions

As with previous studies, our findings concur that national culture does affect the negotiation process. All six of the components of culture we identified (language and communication, relationship patterns, uncertainty avoidance, time orientations, value systems, and mindsets) affect negotiation outcomes.

Moreover, we also found that preparation positively influences negotiations. A rule can be constructed, stating that the more people prepare, the better (more positive) the negotiations process and outcome will be. Hence, preparation is a very important aspect that should not be underrated. Even though this aspect is not culturally dependent, it might be related to it. We found that negotiators do prepare in general, however they believe that it is not really necessary to get background information about a counterpart's culture, when the latter is culturally similar. The fact that UK negotiators do not usually speak any foreign language makes them dependent to a certain extent on their counterparts. For example, we found that the Swiss will readily switch

to English when negotiating with foreigners. Our Swiss respondents indicated that if the UK negotiators would speak their language (even only greetings), it would favour the negotiations.

7.1 *Research implications*

Firstly, language and communication has a major impact on negotiations, as mindsets, values, uncertainty avoidance and relationship patterns are all dependent on them. For example, values cannot be seen when looking at a person, but instead manifest themselves through behaviour, language and communication patterns. This shows the worth of using negotiators with language and communication skills and highlights the importance of awareness in this aspect.

Secondly, we found that self-perception sometimes differed from how others view you. For example, one aspect where the Swiss view differed with that from the UK is in the aspect of 'openness and flexibility'. The Swiss thought that they are just as open and flexible as their UK counterparts. However the UK respondents stated that the Swiss can be inflexible and not open to change and new ideas. It may well be that the Swiss want to see themselves as how they wish they were and not how they really are.

Our research has shown the importance of culture, however it appeared that character is also a factor. Stereotypes should be avoided, so when we hear that the Swiss prefer to rely on data and information, rather than 'gut feeling', then it does not mean that all Swiss negotiators favour this way. Character and personality is influenced by culture (Kalé & Barnes, 1992), as people are influenced by the national culture surrounding them. Hence, it is vital for managers to have an open mind when negotiating and enough skills to adapt to different types of people. This also highlights the importance of preparation in the pre-negotiations phase and getting to know the counterparts themselves, as well as their culture.

7.2 *Limitations and future research*

From the case data that we have gathered, it was not possible to fully evaluate the affect of culture on the outcome of negotiations. For example, it is difficult to see how much preparation really influences the outcome or which aspects of culture have a greater impact. In order to fill in these gaps, a survey or additional focussed interviews are necessary. As with

most case study-based research, respondent bias is also a factor. Even though the questions were asked in the same way to all the interviewees and without judging the questions or answers, it might still be that there is some bias. The UK interviewees said what they believed was right and how they believed the Swiss were. The Swiss on the other hand might have stated how they think they are, but might not be. A larger scale study would minimise the effect of this bias.

Our findings indicate that our model should be enhanced to include ‘character’ as one of the cultural factors, with more emphasis being placed on language and communication. The model could be further tested in additional cultural settings. In summary, although we have looked primarily at two particular cultures, we feel that the lessons learnt are generalisable and contribute to understanding how culture and language affect the negotiation process and outcomes. *How much* they affects the outcome is not possible to gauge from our findings and we believe this is an interesting basis for further research.

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Tables

Table1: Interviewee Profiles

Company:	AstraZeneca
Position of participant:	Purchasing Manager
Gender:	Male
Based in:	UK
Experience with CH:	4+ (personal experience of 14 years)
Type of data collection:	Semi-structured interview
Method of data collection:	Face-to-face interview
Length of interview:	1 hour
Setting of interview:	In AstraZeneca, Tytherington, UK
Method of recording:	Taking notes
Company:	Burton McCall
Position of participant:	Director of Brand Development
Gender:	Male
Based in:	Leicester, UK
Experience with CH:	20+ years
Type of data collection:	Semi-structured interview
Method of data collection:	Face-to-face interview
Length of interview:	1 hour
Setting of interview:	Burton McCall office, Leicester
Method of recording:	Dictaphone
Company:	Burton McCall
Position of participant:	Managing Director Victorinox Travel Gear
Gender:	Male
Based in:	Leicester, UK
Experience with CH:	8 years
Type of data collection:	Semi-structured interview
Method of data collection:	Face-to-face interview
Length of interview:	1 hour
Setting of interview:	Burton McCall office, Leicester
Method of recording:	Dictaphone
Company:	GlaxoSmithKline
Position of participant:	Communication Director
Gender:	Male
Based in:	Münchenbuchsee, CH
Experience with UK:	Extensive
Type of data collection:	Semi-structured interview
Method of data collection:	Phone interview
Length of interview:	45 minutes
Setting of interview:	Call to office in Münchenbuchsee, CH

Method of recording: Taking notes

Company: **Federation of the Swiss Watch Industry FH**

Position of participant: President of the Swiss Watch Federation
Gender: Male
Based in: Biel/Bienne, CH
Experience with UK: Extensive
Type of data collection: Semi-structured interview
Method of data collection: Phone interview
Length of interview: 45 minutes
Setting of interview: Call to office in Biel/Bienne, CH
Method of recording: Taking notes

Figures

Figure 1: The effect of Swiss and UK culture on negotiations and on the outcome of negotiations. Based on Ghauri (1996), Usunier (1996), Walker et al. (2003) and Hofstede (1991).

