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Introduction

More than ever Americans are expanding into the global markets, whether it is an individual trying to buy a rug while on vacation or a business seeking to form a joint venture in a new market. The commonality for all those who travel abroad is that some form of negotiation will be prevalent. This paper examines how cultural differences play a role in the outcomes of negotiations using Western culture as a basis for comparison. It begins by explaining what negotiation is, how it is carried out and describes different types and forms of negotiation. Next, the paper examines the cultural aspects of individualism vs. collectivism, egalitarianism vs. hierarchy, and high vs. low-context communication as well as the effect of culture and the contextual effect of role on the different forms of negotiation. The importance of information in the negotiating process is also discussed. It explains how communication styles and cultural differences can lead to unfavorable outcomes and how the opportunity for trade-offs in the negotiation process can be missed. Our intentions are for the reader to gain some insight into the dynamic world of cross-cultural negotiation.

Negotiation

To help you appreciate how culture can affect negotiation some elements of negotiation based on Western theory need to be explained. One element is direct confrontation. When the majority of Westerners think of negotiation they think of it as a direct confrontation. Other elements include the types of negotiations, either transactional (with buyers and sellers) or dispute resolutions. These types of negotiations can have two possible agreement outcomes (distributive, integrative) or a stalemate. In addition we will explain how power, information and persuasion are used in different forms of negotiations. Ultimately, when a negotiator has information concerning the others relative power, they can make tactical decisions regarding when to walk away, when to seek more concessions or when to accept an offer. We will show how cultures differ when it comes to the basis of power in negotiation, information sharing and the degree to which information is seen as significant to negotiation.

The Western View: **Direct Confrontation**

"Negotiation involves direct confrontation, either face-to-face, or electronic, of principles and or their agent" (Brett, 2000: 98). Face-to-face negotiations foster rapport and offer fewer opportunities for misunderstanding when body language, facial expressions, and cultural attitudes are foreign to the other

party. If both parties are already familiar with each other or if tensions are already high, then negotiating by phone or email may be the best choice. In many cultures, negotiations are handled through indirect methods. With indirect methods, third parties can be agents who represent one side or the other. Third parties can also become a *neutral* who tries to mediate an agreement between both sides. Finally, third parties have also been known to act as go-betweens, where they facilitate information exchanges between the parties (Brett, 2000: 98).

Types of Negotiations: Transactional and Dispute Resolutions

Negotiation may be divided into two types: transactional resolution (with buyers and sellers) or dispute resolutions. Both types of negotiations dance around the various goals of each party, which seem to be mismatched or irreconcilable. In spite of the fact that goals are estimated to be incompatible, the negotiators involved in the transaction attempt to figure out if they can get a better deal with the current negotiation, or if they should look to reach another deal elsewhere with alternate buyers or sellers. Dispute resolution, which is sometime called conflict resolution, suggest there is already an interference with goal achievement. The purpose of these negotiations is to figure out what can be done about this interference. A dispute, another term for conflict, is a rejected claim that shows the incompatibility of goals. A major difference between transactional and dispute resolution is the degree to which the negotiators bring emotion to the table. Transactional negotiators use either positive emotions and/or emotional irrationality to influence outcomes.   However, when conflict is the primary reason for the negotiation, negative emotions precede the negotiation and will occur in and between all cultures (Brett, 2000: 98).

Forms of Negotiation: Distributive and Integrative

"The result of a transactional or conflict resolution negotiation may be a purely distributive agreement or an integrative agreement, or an impasse" (Brett, 2000: 98). Distributive agreements are the result of a distributive negotiating situation where negotiators divide a fixed set of resources and the negotiation usually turns into a competitive rivalry (Lewicki, Saunders, Barry & Minton, 2004: 59). This splitting up of the resources can be equal or unequal (Brett, 2000: 98). Distributive bargaining can be beneficial when the other party is insignificant and the negotiator wants to maximize the value of a single deal (Lewicki et al., 2004: 60). Integrative agreements are the result of integrative negotiation situations which involve "expanding the pie" or bringing new issues to the negotiation in order to enhance a set of resources (Brett, 2000: 98; Lewicki et al., 2004: 105).   By expanding the resources negotiators can create integrative

situations. Because most negotiation situations present opportunities to expand a set of resources, by bringing additional issues into the bargaining mix or by dividing a lone issue into several parts, few negotiations are strictly win/lose situations (Brett, 2000: 98). In this type of bargaining the parties concentrate on what they have in common rather than their discrepancies, information and ideas are exchanged more openly, and the parties focus more on their issues and interests rather than their positions (Lewicki et al., 2004: 95). It becomes possible to figure out how each party values the issues in the negotiation. When an issue is very important to one party but not valued highly by the other party, there is the possibility of a trade-off on that particular issue. There is also the possibility of discovering issues that are valuable and beneficial to both parties, thereby increasing the chances for mutual gain (Brett, 2000: 98).

Most negotiators employ distributive bargaining methods because they do not realize there is potential for integrative negotiation. The integrative potential is squandered by negotiator judgment errors in which negotiators believe all negotiations entail a fixed pie where the goal is to get as much pie as possible, creating a win/lose exchange (Drake, 2001: 319). These fixed-sum errors lead to a distributive negotiation style where negotiators have faith in the mythical fixed pie belief and do not consider the possibility of integrative agreements (Lewicki et al., 2004: 59, 125). Instead, they assume everyone will prioritize the issues equally, forcing negotiators to compete on each issue for the maximum profit. In this case, the parties fight for the limited resources without thinking about how they could mutually profit (Drake, 2001: 319). Furthermore, because they do not see the potential for integration they even suppress attempts for mutually beneficial settlements and trade-offs (Lewicki et al., 2004: 125). Implementing integrative techniques, however, can be very favorable to both parties (Brett, 2000: 98). When negotiators gather information about the other sides' priorities, they increase the chance of making higher profits. All it takes for joint profits to improve is for one side to share information (Drake, 2001: 319). Bringing new issues to the bargaining table helps prevent the negotiation from reaching a stalemate and also helps to ensure that all of the resources are utilized, and nothing is left on the table (Brett, 2000: 98).

"Power is the ability to make the other party concede. The party with the best alternative to a negotiated agreement (BATNA) is the more powerful" (Brett, 2000: 98). In transactional bargaining, the degree to which one party is economically reliant on the other results in power based on economics. When a negotiator knows their own BATNA and the BATNA of the other party, they can effectively decide what to do in the negotiation. They can decide when it is appropriate to leave the negotiation without agreeing, when to demand more from their opponent, and when to agree on the terms of the negotiation (Brett, 2000: 98). Parties with a more appealing BATNA can set higher goals for themselves, can demand more

from their adversary, and thus have more power in the negotiation. The negotiator with the desirable BATNA should communicate this to their opponent in order to take advantage of the benefits of having the better alternative (Lewicki et al., 2004: 132).

There are two types of information that are important in negotiation: Information about the other parties' power and information about their interest, or the motive for their positions. Information about power and interest are essential to both types of negotiations because interest must be known to construct integrative negotiation and integrative negotiation always contains distributive bargaining (Brett, 2000: 98).

Gathering information is tricky because power is a psychological representation of one's strength during a negotiation. Besides, all perceptions tend to be biased. A negotiator might think they have more power than they do or they might be influenced by the persuasiveness of the other side's argument. Sometimes negotiators are even influenced by the role (i.e. buyer vs. seller) or other contextual variables. Perceptions of power may be influenced by factors such as persuasion, ingratiation, substantiation, and appeals to sympathy (Brett, 2000: 98-99).

Resource creation, along with the negotiators ability to identify tradeoffs and mutually beneficial options, are at the heart of integrative negotiation. In order to recognize the possibility of an integrative agreement, negotiators must know their own as well as their opponent's interests and priorities. Information about priorities leads to an understanding of what is important and what is not. Information about interests reveals the importance of an issue. The elimination of judgment errors and the promotion of communication help to reveal these interests and needs (Brett, 2000: 99).

When unlike interests are revealed, the parties can negotiate an exchange based each party's priority issues. When common interests are revealed, both parties benefit. In order to obtain information, parties can share information with each other about preferences, priorities and interest or they can use the trial and error approach where multiple proposals are offered throughout the negotiations in order to slowly discover the relevant information to facilitate an integrative agreement (Drake, 2001: 319). Cultures are not the same in regards to information sharing. Negotiators from separate cultures differ as to what information they deem important and they also differ in the processes and methods used to share information. Some cultures use a direct approach when sharing information about interest and priorities, while other culture use an indirect approach and some do not share information at all (Brett, 2000: 99).

Culture

Culture is the most important variable affecting international negotiations and the values and norms that are encompassed by culture can affect negotiations (International negotiating, 2005). Cultural values establish what members perceive as important, while cultural norms outline what is considered proper and improper behavior. Together, cultural values and norms influence how one perceives situations and how one reacts to the behavior of others. The cultural values of individualism versus collectivism, egalitarianism versus hierarchy and direct vs. indirect communications are relevant to norms and negotiation strategies.

Individualism vs. Collectivism

Individualism vs. collectivism is a continuum that suggests the degree to which different societies regard the individual as independent or as dependent in relation to their social groups (Stevens & Greer, 1995: 47). In individualistic cultures, norms/customs and institutions champion the self-sufficiency of the individual. There are protections for individual rights and individual accomplishments are rewarded through economic and social channels. Workers from the United States, Australia, and Great Britain are individualistic because they value "time for personal life, challenging work, feelings of accomplishment, and individual recognition for a job well done" (Drake, 2001: 320). The things that individuals from these countries value tend to breed competitive attitudes along with the need and appreciation for competition. In collective cultures norms/customs and institutions advocate the mutual dependence of individuals. Their characters are the result of in-group associations to family members and workmates. Personal needs are not as important as the needs of the in-group and legal institutions stress the greater good of the whole as superior to the rights of individuals (Drake, 2001: 320). Individual sacrifices for the group are rewarded and groups are rewarded through economic and social channels (Brett, 2000: 99). Collectivistic societies encourage teamwork and harmony along with an integration of needs to strengthen and preserve relationships (Drake, 2001: 320). People from collectivistic societies prefer to work in groups as opposed to by themselves (International negotiating, 2005).

The way a culture socializes an individual determines their perceptions of themselves, and the way they interact with others. In-groups consist of people from ones own culture and out-groups consist of those that are not (Brett, 2000: 99). With collective cultures, in-group membership is mutually dependent with self identity and in individualistic culture; self identity is related to other factors outside the in-group

membership. Collectivists relate more effectively with their in-groups, and are more sensitive to the needs of others when compared to individualists (Erez & Early, 2001: 78-79). Collectivists are also more aware of distinctions between in/out groups than individualist are (Brett, 2000: 99).

Individualism vs. collectivism is said to indicate a culture's core preferences and priorities concerning goals (Erez & Early, 2001: 77). This is important for negotiators because goals direct behavior and goals are also basic motivators. For collectivists, it is important to seek win-win outcomes whereas individualists tend to treat all negotiations as win-lose (International negotiating, 2005). This is because individualist, out of self interest, strive for higher personal goals and therefore tend to decline less-suitable agreements in hopes of attaining more suitable ones (Brett, 2000: 99; Erez & Early, 2001: 77). Individualistic negotiators, when compared to collectivistic negotiators, tend to make more extreme offers and spend more time planning short-term goals. Collectivistic negotiators tend to plan more for long-term goals than individualists (Lewicki et al., 2004: 213). It has been shown that individualists are more pragmatic because they do not usually change their behavior in relation to whom they are negotiating with, unless confronted with a stalemate. Collectivists are known to alter their negotiating style from cooperative to competitive when confronted with individualists. Nevertheless, even though collectivists are competitive, they still remain sensitive to the other's outcome. On the other hand, as long as things are looking good for them, the individualist is not concerned with the outcome of the other party (Brett, 2000: 99).

When comparing negotiators from an individualistic culture (U.S.) with those of a highly collectivistic culture like Japan, it has been demonstrated that self interest is a factor that affects the level of joint gains. Because American negotiators are from an individualistic culture, they focus on their self interest more than the collectivistic Japanese who emphasized social obligations. Interestingly, when negotiators are both from individualistic cultures the self interest focused parties are able to mutually achieve high goals (Brett & Okumura, 1998: 507). "However when self-interest is mismatched, one negotiator's goals are more easily met than the others" (Brett & Okumura, 1998: 507). A negotiator who is driven by self-interest may not be willing to continue the negotiation once their goals have been satisfied, and the negotiation could end too early to accomplish joint gains (Brett & Okumura, 1998: 507).

Approach and avoidance motivation is another behavioral aspect that is relative to cultural values and goals. Approach motivation is caused by an encouraging experience or possibility and avoidance motivation is caused by a less than encouraging event or likelihood. Consequently, approach goals cause one to seek a positive outcome whereas avoidance goals involve someone trying to avoid a negative

outcome. For instance, a person with an approach goal would say "do well in your race" whereas the person who has avoidance goals would say "do not do poorly in your race" (Elliot, Chirkou, Kim & Sheldon, 2001: 505).

Because people from individualistic cultures seek to be recognized from others by personal accomplishment, they are drawn to encouraging information and they concentrate on gaining characteristics that establish their uniqueness (Elliot et al., 2001: 505). This is in contrast to collectivists whose "emphasis on fitting in foster a bias toward negative information and a focus on eliminating negative characteristics that helps one avoid relational discord or group disruption" (Elliot et al., 2001: 505). What this means is that those from individualistic and collectivistic cultures seem to differ in whether they promote approach versus avoidance motivation. Collectivists seem more pessimistic, fearful of failure and have a greater tendency to be self-critical as opposed to individualists (Elliot et al., 2001: 505)..

Experiences with individualistic cultures such as the United States and collectivist's cultures like South Korea and Russia show that in the United States, attainment of positive outcomes is emphasized and valued, whereas in South Korea and Russia, avoiding negative outcome is emphasized and valued. Collectivists tend to be more neurotic, introverted, more afraid of failure, and more anxious socially than are individualists. Collectivists also use more avoidance-based coping strategies than individualists. In the United States, where the cultural value is individualistic, the realization of positive conclusions is stressed and respected. The South Koreans and Russians tend to have a more cautious approach because they do not want to lose. Therefore, collectivists are more likely to cooperate in negotiations where they stand to lose. Individualists, like the Americans, are quite happy to leave a negotiation if it does not result in a profitable deal for them (Eliot et al., 2001: 509, 510).

It is also important to recognize that in collectivistic cultures, people value relationships and social networks far greater than in individualistic cultures. People from collectivistic cultures are expected to support group members and help sustain one another (Stevens & Greer, 1995: 47). To collectivists, relationships with groups are more long-term, permanent and important than to the individualists (Erez & Early, 2001: 90). People from individualistic cultures, on the other hand, tend to be self sustaining and rarely extend their responsibility for others beyond their own families (Stevens & Greer, 1995: 47). In addition, substituting contacts after a deal has been made can sometimes lead to the collapse of the agreement (International negotiating, 2005). In individualistic societies, negotiators are interchangeable because the focus is on competency as opposed to relationships (Lewicki et al., 2004: 212).

Mexico is much farther on the scale toward collectivism than the U.S. Not surprisingly, Mexicans place relationships as an important aspect to business success and they are loyal to those they have formed a personal relationship with. They tend to do business with those whom they have developed a personal relationship with as opposed to those who can offer them a better deal. Consequently, this is the same for the collectivistic Asians and Arabs who are "more interested in finding out about you, you're future plans and your relationships" (International negotiating, 2005). This is in stark contrast to the more individualistic Americans who tend to seek the best deal, regardless of who they get it from. Mexican executives will allow their personal feelings about the other party influence their decision making. At certain levels of negotiation, a criterion such as cost does become important. However, the importance of relationships will continue to be a more prominent trait in Mexican than with American decision makers (Stevens & Greer, 1995: 47).

As we have stated, collectivism has a group orientation; therefore, U.S. counterparts are slower to adapt to groups projects than Mexicans. Mexicans exhibit genuine team spirit and a willingness to help everyone in the group while promoting higher levels of inter-group communication. This seems to imply that Mexicans will be quicker and better able to adapt to group negotiations than their American counterparts (Stevens & Greer, 1995: 47).

Furthermore, in Mexico, there is even a movement among businesses to promote a group based structure for the organization. There are hints that the direction is moving toward self directed work groups. Some Mexican companies, for example, have based employee compensation on team performance (Stevens & Greer, 1995: 47).

Based on the above information, it appears that American negotiators should be well prepared to foster informal as well as formal relations with people from collectivistic societies. Knowing that collectivistic cultures thrive in group-win-win situations can lead to positive integrative decisions (Stevens & Greer, 1995: 47).

Egalitarian vs. Hierarchy

Hierarchy versus egalitarianism is a cultural value that suggests how power is identified in a culture (Brett & Okumura, 1998: 497). Egalitarianism versus hierarchy can also be thought of as a continuum that communicates the degree to which a culture's social structure is flat or the degree to which it is categorized into ranks (Brett, 2000: 100). Social structures within hierarchical cultures attribute social

status to social power (Erez & Early, 2001: 53-54). In hierarchy cultures, from Asia to Africa or the Middle East, respect is demanded by those in senior positions (International negotiating, 2005). Those higher up on the social ladder are given authority and advantage, whereas those lower on the social scale are duty-bound to submit to social superiors and abide by their request (Erez & Early, 2001: 53-54). However, these high-status members in a hierarchy culture are obligated to look out for the needs of the lower status members. In addition, members of hierarchical society expect to deal with their peers and it is important to "match eagles with eagles" (International negotiating, 2005). Cultures that are more egalitarian do not have the same obligations to their lower status members that high-status members of more hierarchical focused cultures do. This is because, even though there are social status distinctions, the social boundaries of the egalitarian society are fluctuating, making one's superior status subject to change (Brett, 2000: 100).

Conflict between different status groups in hierarchical cultures becomes incompatible to the social structure where the norm is for lower status members not to challenge the directives of social superiors. For this reason, negotiators can assume that conflict between members of different statuses will be less frequent in hierarchical cultures as opposed to egalitarian cultures. In a hierarchal society, if two members of the same social class are at odds, they will defer the conflict to a superior rather than have a direct confrontation. This happens because hierarchical societies count with rules that facilitate interaction among members through the routing of conflict that reaches superiors (Brett, 2000: 100). "The decision by the high status third party reinforces their authority without necessarily conferring differentiated status on the contestants as would be the case in a negotiation in which one party won and the other lost" (Brett, 2000: 100).

Conflict between different status groups in hierarchical cultures can also be unnerving to social structures, but the egalitarian culture empowers conflicting members to work the conflict out themselves. When resolving conflict, egalitarian cultures will encourage direct face-to-face negotiations, mediation, and/or group decision making (Brett, 2000: 100). During the process of conflict resolution the egalitarians may not distribute resources equally, but "differentiated status associated with successful claiming in one negotiation may not translate into permanent changes in social status" (Brett, 2000: 100). This is because there are few ways in egalitarian societies for establishing precedent and social status can change with the next negotiation (Brett, 2000: 100). Thus, social status in egalitarian societies does not automatically transfer over to negotiating power (Brett & Okumura, 1998: 497).

When interacting socially, egalitarians expect the encounter to be equal whereas those from hierarchical cultures do not (Brett & Okumura, 1998: 497). Power is related to ones status in a hierarchical culture and this status is not going to change from one negotiation to another. Hence, we can consider power in hierarchical cultures as fixed (Menger, 1999: 1). Negotiators can assume that social status as a source of power will be more important for those in hierarchical cultures than in egalitarian ones (Brett & Okumura, 1998: 497).

During transactional negotiations, egalitarian cultures rarely use BATNA as a source of power, unless things are not progressing toward an agreement because they would rather concentrate on the issues, priorities and interest relevant to the current negotiations. On the other hand, cultures that are more hierarchical tend to use all forms of power in negotiation, whether it is status, BATNA, and/or persuasion (Brett, 2000: 100).

Americans are more inclined toward egalitarian traits, while Japanese are more hierarchical (Brett & Okumura, 1998: 506). It is understood that the Japanese, more than the Americans, pay more attention to power in regards to their preparation (Menger, 1999: 2). When they recognize distributive tactics, they followed distributive norms more forcefully than the U.S negotiators. The Japanese, when compared to the Americans, tend to rate role and company as more important factors to negotiation (Brett & Okumura, 1998: 506). Japanese do not see BATNA as power like the Americans do and this difference may add to a lower level of joint gains for the cross-cultural negotiators (Menger, 1999: 2). Japanese tend to view BATNA as a point to reach for in negotiations rather than a starting point to begin negotiations (Brett & Okumura, 1998: 506). "This suggests that BATNA served as a low anchor for some Japanese negotiating interculturaly, and therefore, contributed to premature closure of discussions of options and the relatively low level of joint gains in the intercultural negotiations as compared with the intra-cultural negotiations" (Brett & Okumura, 1998: 506).

High vs. Low-Context Communication

High versus low-context communication refers to the amount of direct or indirect communication a specific culture uses for its internal dialogue. In high-context cultures, a large part of the message is conveyed in the context or background of the dialogue, while little information is actually being said. The speaker relies on the receiver to have certain pre-existing knowledge about the topic, as the gist of the communication is inferred as opposed to being directly decipherable. On the other hand, in low-context

cultures, information is explicitly transmitted through clear and precise messages (Erez & Early, 2001: 129).

High versus low-context communication directly affects the way in which negotiators bargain. The amount and quality of information each party has when entering a negotiation essentially determines the extent to which a negotiation can be integrative (Brett, 2000: 101). Integrative negotiation requires "clear and accurate communication […] and the other negotiators must understand the communication" (Lewicki et al., 2004: 117). Sharing priorities and interests along with heuristic trial-and-error searches represent two information exchange methods that generate integrative agreements. Sharing priorities and preferences is a direct communication approach mainly used by cultures with low-context communication. Issues are communicated in a question-and-answer fashion, as both negotiating parties learn the other party's priorities, what issues are mutually beneficial, and which issues are purely distributive. Conversely, high-context communication cultures incline towards the heuristic trial-and-error search. This information sharing technique involves trading proposals throughout all phases of a negotiation. If a proposal is rejected by the other party and they offer their own, the exchange of information about each party's priorities and preferences is inevitable (Brett, 2000: 101).

Cultures using direct communication methods are as capable of reaching integrative agreements as cultures using indirect communication techniques (Brett, 2000: 101). To contrast Japan and US, for example, it is known that "Japanese intra-cultural negotiators, using indirect communications, and US intra-cultural negotiators, using direct communications, reached similarly efficient agreements" (Brett, 2000: 102). In contrast, when Japanese negotiators faced bargaining with U.S. personnel, the outcomes were not as optimal (Brett, 2000: 102). The Japanese, a high-context communication culture, understood the interests of the US party, while the US negotiators, a low-context culture, were not able to understand the Japanese' priorities, even when the Japanese negotiators changed their normal style of indirect approach of information sharing to a direct approach used widely by the Americans in their negotiations. (Brett, 2000: 102). In fact, even a successful change in approach of information sharing during negotiations does not imply or suggest a superior outcome. (Lewicki et al., 2004: 218).

In direct and indirect forms of communication, not only are information-sharing methods different, but information-gathering procedures can be dissimilar as well. US negotiators share information in order to obtain similar data, while indirect communicators like the Japanese, tend to conceal valuable information (Brett & Okumura, 1998: 499). There are several reasons attributable to Japanese's tendency to give unclear, ambiguous and incomplete answers. One reason is that Japanese subjects don't expect the first

answer to be thorough and clear. Secondly, it could be they are unwilling to admit the lack of a witty answer. A third reason is that their straight forwardness depends on the level of agreement of the listener with the answer (Working with Japan, 2005). Japanese subjects prefer persistent questioning as their information-gathering method (Lewis, 2003: 405). According to Japanese cultural values, it is necessary to ask repeated questions about a topic in order to receive detailed information. Another reason why the Japanese are inclined to use persistent questioning as an information-gathering method is to avoid misunderstandings and to confirm that each all members of the other team agree with all the parts of the answer (Working with Japan, 2005).

When high and low-context cultures meet at the bargaining table, the communication differences may present difficulties during negotiations. High-context cultures do not put as much weight on explicit verbal communication, and for them, direct communication may be seen as a crude way of communicating, signifying no concern or respect for the other party's position (Working with Japan, 2005). For Japanese people, for example, nonverbal behavior and context are as important as direct communication, and they can be extremely indirect when expressing a negative response. The Japanese may see conveying a direct denial as unreasonably offensive and harsh (Working with Japan, 2005). Adversely, westerners consider good negotiators to be "people with strong verbal skills, adept in the art of argument or debate and good at communicating directly and explicitly" (Working with Japan, 2005). These differences in communication styles could be overwhelming when not taken into consideration during negotiations.

Since indirect communication cultures rely on contextual information-sharing practices, the use of informal channels is a common way to exchange valuable information (Working with Japan, 2005). "An informal and private setting, [...] is the preferred context for disclosing more complete information, asking more direct questions, clarifying feelings, and 'testing the water' for possible concessions" (Working with Japan, 2005). Given that informal settings are preferred for disclosing more complete information, there is the possibility that the information previously received in a formal business meeting is altered at least slightly. For low-context communication subjects, this variation of information may be perceived as deceitful conduct, while for indirect communicators the openness and clarity of the information has to be in congruence with the setting of the negotiation (Working with Japan, 2005).

Culture and Context in Negotiation

As we have shown there are important cross-cultural differences in negotiating.   Next, we emphasize that culture alone is not sufficient to account for the actions of negotiators interacting across borders.   The contextual effect of role and the preconceptions about bargaining are just as influential as culture.   By explaining what theorists describe as *Culture as Shared Values*, we will briefly reintroduce (and hopefully reinforce) previous concepts regarding individualism vs. collectivism.   Then we wrap it up by introducing the *Culture in Context* theory.

Culture as Shared Values

Geert Hofstede is one of the most cited intercultural researchers (Erez & Early, 2001: 82).   He "defines culture as the shared values and beliefs held by members of a group, and is considered the most comprehensive and extensive program of research on cultural dimensions in international business" (Lewicki et al., 2004: 210).   The *Culture as Shared Values* theory draws heavily from evaluating the American style of negotiating with the techniques used by negotiators in Mexico, Japan, Korea, Russia or China.   The differences are thought to spring from contrasting cultural values that are represented by individualism and collectivism, especially when comparing between distributive and integrative approaches (Drake, 2001: 321).

To briefly recap, the *Culture as Shared Values* is based on what we have described earlier: that collectivism will lead negotiators to engage in more integrative and less distributive bargaining.   Cultures that are more collective will have negotiations that are less inclined to view negotiations as competitive and less likely to fall into the mythical fixed pie belief.   This is because collectivists regard success by how well the group does.   *Culture as Shared Values* also concludes that cultures on the collective side of the continuum should lead them toward greater information exchange (Drake, 2001: 321).

Even though the *Culture as Shared Values* approach highlights the differences between national negotiating styles, critics of the *Culture as Shared Value* argue that we cannot assume that intracultural and intercultural negotiating behaviors are similar (Drake, 2001: 321).   American negotiators need to be aware that, at times, "North Americans are more satisfied, Japanese more attracted to opponents, Franco-Canadians more cooperative, and Anglo-Canadians slower to settle in intercultural, as compared to intracultural, negotiations" (Drake, 2001: 321).   In addition, intercultural negotiations seem to produce inferior results with joint gains, mutual understanding and the recognition of compatible issues when

compared to intracultural negotiations. In intercultural settings negotiators are less likely to seek partner involvement and information seeking is less intimate than in intracultural settings (Drake, 2001: 321).

Culture in Context

The theory, *Culture in Context*, covers the variations mentioned in the preceding subsection. The *Culture in Context* theory "treats negotiators not as passive representatives of culture, but as regulators of a complex negotiation system" (Drake, 2001: 321). Basically, this view says that contextual factors (personality, age, prior relationship and experiences, organization culture, etc...) affect a negotiators' style as much as the culture they are from. The contextual factor that we will focus our attention on is role, which is defined as a "set of rights, obligations, and normative expectations attached to social positions" (Drake, 2001: 322). For example, the role of buyer or seller influenced the relation between final gains and initial offer. Conservative opening offers represented superior gains for buyers, while particularly low or high initial offers signified smaller profits. For sellers, opening offers appeared to be positively related to closing profits (Drake, 2001: 322). In intercultural negotiations it has been shown that buyer-seller roles can predict face-work strategies more accurately than culture. For instance, cultural collectivism is overwhelmingly connected to information gathering and integrative offers, but only for sellers (Drake, 2001: 322).

Interestingly, experienced negotiators are aware of the differences attributed to buyer-seller roles. Russian, Chinese and Japanese tend to agree that role is an important identifier in determining one's outcome, whereas Americans often do not recognize role as a factor. In the culturally individualistic U.S. and in the collectivistic cultures of Japan, Korea, and Mexico; buyers regularly receive higher profits compared to sellers (Drake, 2001: 322). Some attribute this to power differences: "Sellers may perceive greater dependence on buyers than the reverse. That is, sellers may perceive the need to contract with a given buyer, and as many buyers as possible, to obtain profits. In contrast, buyers may perceive that if a profitable agreement is not possible with a given seller, then a number of alternatives sellers (some of whom may offer better prices) are available" (Drake, 2001: 322). These divergent perceptions can appear to make integrative bargaining more suited to a seller and distributive bargaining appear more attractive to a buyer. This suggests that difference in integrative and distributive bargaining preferences may have to do more with contextual factors as opposed to cultural factors like collectivism / individualism (Drake, 2001: 322).

There are variances in the linkages individualism-collectivism have to how a negotiator preconceives competitiveness in negotiation. At times, negotiators are more significantly influenced by their bargaining role and their partner's behavior than where their culture lies on the individualistic-collectivism continuum. Sometimes collectivism is not negatively related to predicted competition because age and maturity tend to reduce competitive perceptions and gender roles may increase competitive perceptions of males when dealing with the opposite sex. This seems to refute the *Culture as Shared Values* hypothesis that collectivism alone would be predictors of anticipated competition. At times, buyers and sellers do not seem to differ in anticipating competition. Individualism-collectivism is known to be an indicator of mythical fixed pie beliefs, but sometimes buyer-seller roles are more of a predictor of mythical fixed pie beliefs. Buyers begin negotiations with almost double the mythical fixed pie beliefs of sellers regardless of whether they were from collectivistic or individualistic cultures. Furthermore, the fixed pie belief between buyer-seller tends to become equal after the first five minutes of the negotiation process. For this reason, it cannot be said that collectivism is positively related to information exchange because the mythical fixed pie belief tends to suppress information exchange. In fact some say negotiators for individualistic or collectivistic cultures are equal in asking for and giving information but only differ in the timing and placement (Drake, 2001: 330-331).

Buyers and sellers reveal different outcomes according to the exchange of information (Drake, 2001: 339). "Buyers capitalize on information that corrects their mythical fixed pie beliefs, but sellers use information to reinforce their zero-sum notions" (Drake, 2001: 339). So it seems that buyers are more inclined to use mythical fixed pie beliefs as opposed to sellers. However, as information is exchanged, buyers are more likely to reduce their mythical fixed pie beliefs. In conclusion, cultural differences like individualism vs. collectivism and role differences both contribute to distributive and integrative negotiation patterns (Drake, 2001: 339).

Summery

It is known that cultural values create differences in negotiating norms. Therefore, it is helpful to know and understand the connection between the culture and the negotiation strategies of the other party.

Western culture concerns itself primarily with the needs and goals of the individual. Autonomy is highly regarded and protected in society. Unlike collectivism, self identity is not dependent on the characteristics of a larger group. As we have explained, members of an individualistic society tend to set higher personal goals in the negotiation process. They also have a tendency to reject less favorable

outcomes in the negotiation process. These outcomes may indeed be acceptable, however the search will continue until a solution is found that most suits the individuals needs.

Members of a collectivist society base their identity on the characteristics of the group to which they belong. We have stated that members of a collectivist society are more sensitive to the needs of others and they approach the negotiation process with the needs of the group in mind. When members of this group negotiate, they are most cooperative when negotiating with members of a like group. They tend to become more competitive when negotiating with those of different groups.

We also discussed egalitarianism vs. hierarchy. In hierarchal societies social status implies power. Having a hierarchal structure reduces conflict by providing a norm and people do not normally venture outside the norm. As a positive, members of a hierarchal society are required to look out for those that are socially inferior to them, which is quite the opposite in an egalitarian society. Egalitarianism encourages resolution of conflict on one's own personal and social boundaries are permeable.

In the negotiation process, information is highly valued and communication style plays a major role in the outcome of intercultural communication. As we explained high context communication in which meaning is inferred and relies on preexisting knowledge can cause conflict when met with the needs of low-context communication that requires clear and precise detail. Important information may not be exchanged and an optimal solution may not be reached.

The *Culture as Shared Values* theory is based on the differences between cultures and their values and how it results in different negotiating techniques especially between individualistic and collectivistic cultures. Collectivistic cultures tend to be more integrative, less competitive, and have greater information exchange. There are, however, deviations from the norm, and culture does not necessarily determine how one will go about negotiating.

The *Culture in Context* theory treats culture as but one element in a complexity of negotiator behavior. Sometimes, differences in integrative and distributive bargaining preferences may have to do more with contextual factors as opposed to where one is on the individual-collective continuum. It has been shown that integrative bargaining is more beneficial to sellers and distributive bargaining is more beneficial to buyers. In addition, individualism-collectivism is not necessarily the only link to how a negotiator preconceives competitiveness in negotiation. Although individualism-collectivism is known as an

indicator of mythical fixed pie beliefs: Buyer-seller roles can sometimes be a better predictor of mythical fixed pie beliefs.

We would like to conclude with the assurance that despite cultural differences, optimal results in the negation process can still be achieved. There are three key elements for success: parties to a negotiation must value the sharing of information, there must be a means to search for information, and finally, both parties in the negotiation process must be willing to search for the information. When exercising these three key factors, both parties should be able to walk away with acceptable outcomes.

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