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COOPERATION AND COMPETITITON IN INTERNATIONAL BUSINESS NEGOTIATIONS

Abstract:

The purpose of the study is to examine the intercultural aspect in business negotiations. In doing so, it first outlines the theoretical background to distributive and integrative business negotiations as well as competition-related values and practices established by two pieces of large-scale dimension-based cross-cultural research. Then it moves on to discuss an empirical investigation which – through the observation of twenty business negotiations between German and Turkish delegations – aimed to find out whether and if yes, to what extent and how members of the two cultures demonstrate competition-related cultural norms. The results of the investigation indicate that failure to take national cultural differences into account may result in misunderstandings, loss of trust or even failure to conclude a deal even in integrative business negotiations.

Keywords:

cultural norms, integrative negotiations, international business

JEL Classification: D46, M14, D01

1 Introduction

It is now a commonplace statement that business is becoming increasingly global. We are witnesses of intense capital and labor force flow across national borders at a rate never seen before. International business negotiations are an important tool of globalization and thus, the cooperation of negotiators with different national cultural backgrounds is a must. Nobel laureate Joseph E. Stiglitz (2002), in his definition of globalization, includes the free movement and interaction of ideas, knowledge, norms and values. Norms and values are usually associated with culture at different levels.

The purpose of the present study is to examine the intercultural aspect in German-Turkish integrative business negotiations, focusing on the interplay of competition and cooperation. In the context of business negotiations, competition is usually associated with distributive negotiations, while cooperation is assumed to characterize integrative ones. In dimension-based cross–cultural research the notions of femininity and masculinity, as two opposites of one cultural dimension, were first put forward by Professor Geert Hofstede (1980), who links masculinity to competition and femininity to cooperation, which allows for the examination of this dimension of his theoretical construct in the context of negotiations.

2 Literature Review

The definitions of negotiation put emphasis either on the contradictory interest and aims of the negotiating parties or highlight the trust and honesty necessary for the successful outcome of the negotiation. In the heart of the argument there is either competition or cooperation. Half a century ago Carr (1968), supporting the idea of competition, put forward the view that negotiations are similar to poker. It is inevitable that conflicting interests have as big a role in negotiations as those which require cooperation. Since the publication of *Getting to Yes* by Fisher and Ury (1981), authors have compared the negotiated issues to a pie. During competition-centered distributive negotiations the parties see a fixed pie and, consequently, they try to obtain as big a segment as possible so that they win and the other party loses. During cooperation-based integrative negotiations, however, the parties try to extend the pie in order to have a win-win outcome.

In distributive negotiations any result will increase the gain of one party and, at the same time, decrease that of the other party; with integrative negotiations, the interests of the two parties are not completely conflicting but neither are they completely corresponding (Dévényi, 2009, p. 22). The starting point in integrative negotiations is the formulation of joint interests, with the aim of distributing the available sources in a mutually beneficial way. The negotiating parties' strategies are determined by their initial goals. A distributive strategy aims at the distribution of available sources, thus it is characterized by claiming behavior, such as power games, persuasion and tactics, which often include bluffs and

even threats. An integrative strategy, which can be associated with creative behavior, aims at the reconciliation and integration of conflicting interests. It is characterized by creative problem-solving, information exchange based on preferences and priorities, as well as logrolling (De Dreu, 2004, p. 115).

Integrative negotiations usually take more time due to the important role of trust, which needs to be developed between the two parties. Thompson (2005) sees the aim of integrative negotiations in the creation of added value, the provision of mutual gains and the definition of resources. Weingart and Olekalns (2004, p. 154) claim that while it is useful to distinguish between an integrative and a distributive strategy, the two strategies are not mutually exclusive, since many pieces of research have proved that negotiators employ both types of tactics while negotiating for a deal. Researchers now accept the view that the distributive and integrative aspects are present in each negotiation, thus the negotiating parties alternate between showing their overbearing or emphatic self (Alavoine, 2011).

However, as well as in the case of respect and trust, national cultures also differ on their values and behavioral norms regarding cooperation and competition. In masculine societies the dominant values are success, competition, endurance and achievement, whereas in more feminine societies the emphasis is on human relationships, harmony, quality of life and caring for others (Hofstede, 1980). In masculine societies gender roles are traditionally conservative: boys fight, girls cry; in the families men are expected to be the bread-winners and women the home-makers. Wanting to be the best motivates people in masculine societies while the most important motivation in feminine societies is to like what one does.

The masculinity index of Germany is 66, while that of Turkey is 45 (Hofstede and Hofstede, 2005). We can read the following description of Germany on Professor Hofstede's homepage: "With a score of 66 Germany is considered a Masculine society. Performance is highly valued and early required as the school system separates children into different types of schools at the age of ten. People rather "live in order to work" and draw a lot of self-esteem from their tasks. Managers are expected to be decisive and assertive. Status is often shown, especially by cars, watches and technical devices" (https://www.hofstede-insights.com/country-comparison/germany/). In contrast, "Turkey scores 45 and is on the Feminine side of the scale. This means that the softer aspects of culture such as leveling with others, consensus, sympathy for the underdog are valued and encouraged. Conflicts are avoided in private and work life and consensus at the end is important. Leisure time is important for Turks, it is the time when the whole family, clan and friends come together to enjoy life. Status is shown, but this comes more out of the high PDI" (https://www.hofstede-insights.com/country-comparison/turkey/).

On the basis of the Hofstedian discussion of masculinity, in an effort to enhance face validity, the GLOBE research project developed two dimensions: Gender Egalitarianism

and Assertiveness (House et al., 2005, p. 13). Gender Egalitarianism concerns gender stereotypes and roles at home, in business organizations and communities, while Assertiveness "is defined as the degree to which individuals in organizations or societies are assertive, tough, dominant, and aggressive in social relationships" (House et al., 2005, p. 395). Thus, this latter dimension is more relevant for the purposes of the present study. Assertiveness can be linked not only to internal integration in a community but also to external adaptation. In assertive societies communication is usually direct and unambiguous, whereas in less assertive cultures face management is important.

The GLOBE project set out to measure both societal practices ('as is') and societal values ('as should be'). In the tables containing the response bias corrected scores (House et al., 2005, p. 742-747) we can see the following figures for societal cultural practices concerning Assertiveness: Germany (former East): 4.77; Germany (former West): 4.66; Turkey: 4.42. The Assertiveness regression predicted scores for societal cultural values are the following: Germany (former East): 3.24; Germany (former West): 3.21; Turkey: 4.36. What these figures tell us is that German respondents see themselves as quite assertive while Turkish respondents seem to be only a bit less assertive (the grand mean score for societal practices in the study is 4.11). However, German subjects seem to strive for much lower levels of assertiveness than their Turkish counterparts (the grand mean score for societal values in the study is 3.96).

3 Method

Observation was selected as a research tool to carry out the examination in order to make data gathering possible in natural settings. In 2014 and 2015 the second author, a business professional, observed a total of 20 international integrative sales negotiations between German and Turkish delegations. Out of the 20 negotiations 8 were video conferences and 12 face-to-face negotiations taking place in Istanbul.

The role of the second author was that of a complete observer (Gold, 1958), that is he was not involved in the observed interactions. Gold (1958, p. 222) warns that this type of observation might result in greater ethnocentrism, however, during the research the observer tried to remain objective and not influenced by his prior expectations and the knowledge he gained from his cross-cultural studies.

Based on the above discussions of masculinity/femininity and assertiveness, the following points for observation were formulated concerning German and Turkish negotiators:

1: Do they communicate in a direct or indirect way? Is their communication characterized by a strive for consensus or is it offensive, assertive and result-oriented?

2: Is their behavior characterized by arrogance and go-ahead or is it modest and persistent?

3: Do they consider their negotiating counterparts' interests and emotions or is their behavior only determined by the aim they want to achieve?

4 Findings

Overall, the results of the observation seem to indicate that the German negotiating delegations displayed more masculine and assertive practices than the Turkish ones, thus their behavior can be characterized by higher levels of competitiveness than that of the Turkish delegations.

4.1 Communication

Turkish negotiators were found to communicate in an indirect way since they did not explained the problems openly and further, they often seemed to consider the German parties detailed descriptions an insult. Turkish delegations appeared to prefer to solve the problems through reliance on trust and in the smallest possible circle. On average, they switched to their mother tongue four times per negotiation to discuss the given problem in their in-group. They did not even try to identify the person responsible for a mistake and their German opponents had to keep asking about whose fault the problem was and force the Turkish negotiators to answer the question openly. These forced answers occurred in five of the twenty negotiations.

In contrast, German delegations, in an effort to achieve the best possible result, moved on to a detailed and sometimes provoking but structured outline of the situation (problem-description-solution) straight after the opening phase. On average, they emphasized the importance of openness, transparency and self-criticism seven times per negotiation. This was meant to accelerate the process of problem-solution but was not favorably received by their Turkish counterparts. Also, with the exception of two negotiations, German delegations were very prepared. While analyzing the situation they talked about causes and consequences, as well as whom they thought should have done certain steps in order to find a solution. This directness was not appreciated by the Turkish negotiators and as a result, they appeared to have lost trust, which affected the outcome of several negotiations.

To give a concrete example, the German company sent to a series of four negotiations an employee who had not negotiated in Turkey before that occasion. At the beginning of the negotiation this employee briefly and succinctly formulated his critical remarks, naming individuals. At a later phase he referred back to his criticism assuming that the Turkish delegation was willing to discuss the problem openly. However, the Turkish negotiators remained silent, looked uncomprehending and moreover, due to the direct and sharp criticism, they were disinclined to work on a joint solution for the problem, thus the whole series of negotiations did not reach its aims.

4.2 Behavior

In each of the observed negotiations, Turkish negotiators displayed moderate behavior. In ten of the observed negotiations, German delegations were similarly moderate and during these negotiations Turkish negotiators remained open and determined to find a joint solution to the problems. However, when the German delegations were more direct and even provoking, their Turkish counterparts did not take an active part in the solution to the problem, although after their first reaction of confusion, they remained self-collected and never raised their voice.

In seven negotiations German negotiators' behavior was characterized by a certain degree of toughness, which accompanied their direct communication, especially when they called their Turkish counterparts to account for a mistake. In four of the seven negotiations they even raised their voice in order to force the Turkish delegation to react to a point at issue. In each of the twenty negotiations German negotiators seemed to concentrate exclusively on the aim they wanted to achieve. In five negotiations they even openly informed their Turkish partners that it was only the aim of the negotiation that mattered, and they wanted to devote the whole time available to the solution to the problem, there were no other priorities.

German negotiators in most cases wanted the last words for themselves. Competition and the will to win seemed to characterize their communication and behavior. Their Turkish counterparts, however, remained in the background; they did not take part in the competition in order to prove that their idea or product was better.

4.3 Consideration of the other party's interests and emotions

Turkish delegations inevitably took efforts to ensure a win-win outcome. This certainly involves the consideration of the other party's interests and feelings when trying to find a solution to a problem. A typical manifestation of this approach was that after they indirectly proposed a solution, they asked their German counterparts whether it was acceptable for them – on average this happened seven times per negotiation. Another example of their concern is that during the face-to-face negotiations they made it sure that there was always fresh tea and coffee for the participants. Also, sometimes they served cakes and cookies, which interrupted the process of the negotiation. In fact, they started the negotiations 10-15 minutes later than the schedule since at the beginning they served Turkish black tea and talked about topics other than those of the given negotiation. This ritual seemed very important for the hosts; however, the German negotiators appeared to consider it unnecessary and a waste of time.

Their German counterparts seemed to concentrate on the aim to be achieved. Feelings did not appear to play a role in their decisions when they were considering the pros and cons of a solution; they only took the other party's interest into account when it did not threaten the achievement of their aims. They did not ask the Turkish negotiators whether

they understood or agreed with the proposal they had made. They expected the Turkish delegation to be proactive and openly state their opinion in case they disagreed with something and further, to discuss the point at issue at once, in the given circumstances.

The Turkish strive for harmony can be detected in the way they organized the negotiations. If it was considered important, they chose its time slot very carefully, so that it could be followed by a dinner with their negotiating partners. Ten of the face-to-face negotiations were followed by a business dinner in traditional Turkish restaurants. These dinners lasted for between three and four hours, which in many cases equaled the length of the negotiation. The inevitable aim of the hosts was to spend together as much time as possible with their guests and to ensure the best available catering.

5 Concluding remarks

The authors are aware of the limitations of their research. At the same time, the results of the observation seem to confirm Hofstede's (2005) findings since German negotiators, during the observed twenty bicultural business negotiations, displayed higher levels of masculinity and thus, they appeared to communicate and behave in a more competitive way than their Turkish counterparts. The findings to some extent contradict the GLOBE findings (House et al., 2004) as there seemed to be a bigger difference between the assertiveness of the representatives of the two cultures than the project's scores for societal practices predict.

The observations allow for the formulation of some tentative pieces of advice to facilitate successful German-Turkish business negotiations: It is important for Turkish business negotiators to understand that personal good relationship is not so important for their German counterparts and also that German negotiators accept the statements of partners they are not on friendly terms with. They should tolerate and to some extent adapt to the result-oriented attitude and direct communication of German negotiators. On the other hand, German negotiators should be aware of the importance of rituals in Turkey, which serve the development of a good personal relationship, which, in turn, is essential for them to build trust. Proactive behavior is important, for example German negotiating parties are advised to invite their Turkish partners for a dinner on the night prior to the negotiation. This mediating solution would allow for good personal relationships to be developed and, at the same time, the negotiation to be focused on its aims.

There is a vast body of academic literature on national cultural differences and the importance of diversity awareness (e.g. Szőke, 2013; Ablonczy-Mihályka, 2014; Némethová, 2015), the advantages and disadvantages of stereotyping (e.g. Szőke and Kecskés, 2015; Nádai, 2017), as well as concrete descriptions of bicultural critical interactional incidents and case studies (e.g. Tompos, 2014; Ablonczy-Mihályka, 2015; Szőke, 2017). All the authors emphasize the importance of cross-cultural competence and claim that intercultural differences need to be respected and managed. Universities

and consulting companies offer several types of intercultural trainings. However, societal values and norms often seem to override these principles. In international business life disrespect of the other culture's practices may result in severe losses. This is even more so in the case of international integrative business negotiations since trust is one of their most critical points and trust only develops if cultural differences are handled effectively.

Acknowledgement

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