Influence of Culture on Negotiation Style

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Abstract: This study empirically examines the influence of organizational culture on negotiation style. The focus was on university students with experience in Business and Business managers in Lagos and Ibadan metropolitan using the Organizational Culture Inventory (OCI) designed to measure three cultural dimensions: constructive, passive defensive, and aggressive defensive. The study adopted a survey research design to explore the impact. Primary data was collected through questionnaire administration from 230 respondents. Results indicate that the value of constructive for negotiation style 0.446 significant at r = 0.01% which shows the high significance of the relations. The value for passive defensive is 0.437 (r = 0.01%). While value for aggressive defensive 0.373 with r=0.01%. As all the values of organizational culture have significant positive impact on Negotiation styles.

Keywords: Organizational culture, constructive, passive defensive, aggressive defensive, Negotiation style.

1. Introduction

Negotiation is a very sensitive issue. Managers as well as individuals in whatever field are face with the role of planning, leading and drawing on negotiation process for successful achievement of organization goals. The complexity of negotiation stem from the fact that people are not similar and thus behave differently due to regulations, practices, standards and particularly the culture which they belong. Negotiation is a daily occurrence among two or more persons which may result into a conflict. In the present world, the extent of negotiation in business, education, administration, and politics is steadily on the increase and parties involved are trying to reach an agreement which will bring them a mutual benefit (Acuff, 2008). To actualize this goal, interlocutors bring together the different individual attitudes and try to create a situation which will enable creation, maintenance and further development of the relationship (Krasulja, et al., 2012) by taken into account cultural factors of negotiators.

Managerial practices and human existence in whatever settings is found to relay to culture which is viewed as values, ideas, attitudes and symbols that shape human behavior and are passed on from one generation to the next. Thus culture is what people and organizations build and nurture. It relates to the totality of knowledge and practice, intellectual, material and immaterial environment, of a particular society or specific group. Consequently, culture is pertinent as a part of the external environment, as well as the internal environment of the organization.

As culture is a major element of cross national boundaries, it is therefore necessary to be acquainted with its effects on business negotiation. The purpose of this study is to investigate students of higher learning and business practitioner’s concepts of negotiation in intercultural settings, and to see to what extent their cultural values affects their styles of negotiation. In the world where almost everybody is connected owing to developments in technology and communications, international business, much of which involves negotiation, have led to situation where citizens, organizations and governments engage in cross-national interactions. Is it starting a joint partnership, exportation and importation of goods and services, getting entertainment band to play locally or on tour abroad? Consequently, there arises the need to develop machinery and skills to manage the interchange which is as a result of the dependent of one nation on the other.

At the national level, policies must address, and if possible, resolve tensions between the often divergent interests of an array of stakeholders (Alfredson and Cungu, 2008). For instance, business practitioners, trade union members and environmental interest groups as well as both local and national governments. A country’s government concern for balancing completing objectives related to matters of economic interest, resource allocation as well as upholding national commitments related to international law and commerce (Alfredson and Cungu, 2008) almost often times results in miscommunication and misunderstandings, it becomes increasingly important that we study cultural influences on negotiation.

2. Statement of Problem

Culture is not genetically inherited, and cannot exist on its own, but is always shared by members of a society (Hall 1976, p. 16). Most countries including Nigeria have multiple ethnic groups which have different cultural value systems that are presumed to influence directly on the individual’s behavior. When communication arises between people they hardly discuss specifically about the same subject, because effective meaning is flavored by each person’s own cognitive world and cultural conditioning (Jalal Ali). Thus, communication is deeply rooted in culture.

So far, most of negotiation research was done within Western cultures, which makes the generalizability of findings across cultures problematic as emotional processes and negotiation behaviors are not universal but rather predicated on specific cultural norms. Consequently, to stimulate negotiation among conflicting parties, negotiators have failed to recognize that cultural values may affect the styles and strategy of communication. Hollensen (2001) opined that business lacking awareness of cultural difference can have a negative impact on the success of such business.

Negotiation research can benefit greatly from cross-cultural perspectives. Culture gives influences such as the ways in
which meetings are run, decisions are made, memos are written and titles are used (Hoecklin, 1995). Fisher, (1980) incited in Capdevielle, (2010) ...indicate fairly clearly that negotiation practices differ from culture to culture and that culture can influence “negotiating style” and the way persons from different cultures conduct themselves in negotiating sessions (Salacuse, 2004).

3. Literature Review

Negotiation is a key for resolving business problems that arises from day-to-day interpersonal difference. Negotiation occurs when individuals cannot reach optimal solutions without the participation of others (Gunia and Thompson, 2012; Lewicki et al, 2010). It is traditionally a face-to face communication between individuals. Accordingly communication is experienced differently when words or value are misinterpreted. In addition, poor and inappropriate communication is experienced differently when words or ideas and has more to do with the use of persuasion rather than power to resolve an issue. This definition take into consideration the basic essence of what a negotiation is, i.e. a communicating process with the intended outcome of reaching a joint agreement, but according to (Horst, 2007), it does not necessarily cover a large part of its salient characteristics. Thus, Horst (2007) citing Faure, (2006) stated that “…negotiation is a joint decision-making process through which negotiating parties accommodate their conflicting interests into a mutually acceptable settlement”. This Horst explained adds that the characteristic of the negotiation process itself is a joint endeavor. The implication being that all parties must be in agreement as to the nature and process of the proceedings for a successful outcome.

Owing to the role of culture in negotiations, Business associates have to take into consideration their counterpart’s different way of doing business. Although, parties may agree to create collaborations, difference may arise relative to their individual values towards conducting the task. These relative values generate disputes (Guasco and Robinson, 2007). Therefore according to Stokke, (2011), a fundamental challenge in negotiation is therefore to identify the significance of both cooperation and conflict and further, to establish strategies that will manage both elements (Draft and Marcic, 2010).

Negotiating style is defined as the way managers from different cultures behave in negotiations, (Salacuse, 2004). Research of the literature on negotiation style revealed that it is grouped into one of three types: competitive, collaborative and/or concession (Straker, 2006). Horst, (2007) describing the different styles stated that: (1) The competitive style is also denoted as contending, distributive bargaining, or claiming value which attempts to gain optimum value at the expense of the other party and is commonly referred to as the “win-lose” approach. (2) The collaborative style also referred to as problem-solving, integrative bargaining, or creating value, attempts to reach agreement through creating options that are conducive to achieving or maximizing the goals of both parties thus creating a “win-win” situation. (3) In the concession or yielding style one party reduces their position to the gain of the other party. This is referred to as the “lose-win” style. In practice, negotiations will take on varying degrees of these styles throughout the process for various reasons. Therefore the aim of negotiations is to realize a joint decision or outcome satisfactory to both parties involved. This means that an accommodating style which displays higher concerns for counterparts will be a most effective procedure of negotiations.

4. Organizational Culture

Researchers have identified culture to be manifested in norms, shared values, and basic assumptions (Schein 1992) Organizational culture is argued by Sergiovanni (1984) as the framework which includes customs and traditions; historical accounts; stated and unstated understandings; habits, norms, and expectations; and common meanings and shared assumptions. Wilkins (1985) believed that stories were important indicators of the values participants shared, the social prescriptions concerning how things are to be done, and the consequences of compliance or deviance.

Conner and Lake (1988) included language, symbols and stories, and rites as indicators of the values and norms embedded in an organization's culture. Cohen (1997) further develops on culture from three viewpoints: it is a societal and not an individualistic quality; it is acquired not genetic, and its attributes cover the entire array of social life. About the first view, it is the society to which the individual associates that will dictate the norms; not the individual. On the second viewpoint culture is attributed to the methods that develop the cultural norms within the individual members which are both formal and informal. The formal approaches include education, role models, propaganda and the culture’s system for rewards and punishments. The informal approaches comprised of how members assimilate influences framed by their environment; for example, family, life and social encounters at both work and play. The third view talks about the fact that members do not surround themselves with just the artifacts, however, that there are intellectual and organizational dimensions as well.

Working extensively on the dimension of culture Cooke and Lafferty (1994) developed the cultural assessment instrument, Organizational Culture Inventory (OCI) designed to measure three cultural dimensions: constructive (people concerns), passive defensive (task concerns), and aggressive defensive (task concerns). Cooke and Lafferty (1994) show constructive cultures as positively related with individual and organizational effectiveness. Based on their model, there are four styles that represent constructive cultural norms: achievement, self-actualization, humanistic-encouraging, and affiliative. (1) Achievement culture typifies organizations where people set challenging but realistic goals, establish plans to reach them and pursue them with enthusiasm. (2)Self -actualization culture characterizes organizations where members enjoy their work, develop themselves and take on new and interesting activities. (3) Humanistic-encouraging characterizes organizations that are managed in a participative and person-centered way. People
are supportive, constructive and open to influence in their
dealings with one another. (4) Affiliative culture
characterizes organizations that place a high priority on
constructive interpersonal relationships. People are friendly,
cooperative and sensitive to the satisfaction of their work
group and of other work groups elsewhere in the
organization.

Cooke and Rosseau (1988) also posited two defensive
styles: passive-defensive and aggressive-defensive.
According to their model: there are four styles that make up
passive-defensive and they include; approval, conventional,
dependent and avoidance. Aggressive-defensive also has
four styles; oppositional, power, competitive and
competence/perfectionist.

(1) An approval culture describes organizations in which
conflicts are avoided and interpersonal relationships are
pleasant—at least superficially. People agree with, gain
the approval of and are liked by others.
(2) Conventional culture is expressive of organizations that
are conservative, traditional, and bureaucratically
controlled. People conform, follow the rules and make a
good impression.
(3) Dependent culture is describes organizations that are
hierarchically controlled and non-participative. People
do what they’re told and clear all decisions with
superiors.
(4) An avoidance culture characterizes organizations that
fail to reward success but nevertheless punish mistakes.
People shift responsibilities to others and avoid any
possibility of being blamed for a mistake.

The four aggressive-defensive cultural styles are: (1)
Oppositional culture describes organizations in which
confrontation prevails and negativism is rewarded.
Members are critical, oppose the ideas of others and make
safe decisions. (2) A power culture is expressive of
non-participative organizations structured on the basis of the
authority inherent in members' positions. People take
charge, control subordinates and yield to the demands of
superiors.(3) A competitive culture is one in which winning
is valued and members are rewarded for outperforming one
another. People work in a win-lose framework and work
against their peers. (4) A perfectionistic culture
characterizes organizations in which perfectionism,
persistence, and hard work are valued. People avoid
mistakes, keep track of everything and work long hours to
attain narrowly defined objectives that may further their
individual performance, but not contribute to the overall
goals.

5. Hofstede Dimension of Culture

Hofstede (1991) explanation of culture has informed most of
the African management literature (Owoyemi, et al., 2011).
The cultural dimension identified by Hofstede included:
First, Power distance - the degree of equality (or inequality)
between people. Power distance (PD). In Nigeria power is
unequally distributed as the society has regards for seniority,
respects for elders and those in authority (Gbadamosi, 2004;
citing (Salacuse, 1998 Weiss and Stripp, 1998), Nigerian
largely select by status because mentor relationships and
tribal ties are very important. Thus a person status is
supported for being selected to negotiate. For instance in the
sale of land that has been in the family for generations, the
oldest or his designee, will likely be selected to negotiate.
Among Nigerians, the elder is greatly respected and age is
linked to wisdom and knowledge (Weiss & Stripp, 1998).

Second, Individualism - the extent to which individual or
collective achievements and interpersonal relationships are
reinforced and the extent to which people can act on their
own or as part of a group. Nigeria can be view practically as
a society with large concern for collectivism than
individualism (Owoyemi, et. al., 2011; Spralls et al., 2011).
Individualist Negotiators seek personal interests. In contrast,
those with a collectivist orientation strive to achieve
organizational gains with little or no expectation for personal
recognition (Trompenaars, 1993).

Third, Masculinity - the degree to which people are
supposed to be assertive, ambitious and tough. They prefer
competition and solve conflicts by fighting. In a feminine
society, the dominant values are caring for others, and warm
relationships are important. Solidarity and solving conflicts by compromise are preferred. At the negotiation table, negotiators from a masculine society are ambitious to be the winner. They seem to use a ‘win-lose’ negotiation style. Feminine societies prefer long-lasting relationships and tend to use a ‘win-win’ negotiation style. The prevailing view in extant research according to Spralls et. al., (2011) is that Nigerians tend to be distributive (Salacuse, 1998; Weiss & Stripp, 1998). This makes sense because, as noted earlier, Sub-Saharan Africans, in general, are high in mastery (Munene et al., 2000).

Lastly, Uncertainty avoidance – is defined as the extent to which a culture feels threatened by uncertain and ambiguous situations. Cultures with strong uncertainty avoidance avoid uncertainty, the unknown and the ambiguous. Security, formal and written rules, structure and ritual in all aspects of life are preferred. Emphasis is placed on great value on expert advice and dislike taking risks. In contrast, cultures with weak uncertainty avoidance are more likely to engage in risk-taking behavior, prefer as few rules as possible, easily accept the unusual and rely on their own common sense before expert advice (Hořešťed, 1991; Samovar and Porter, 1995). Spralls, et al, (2011) argued that, Nigerians are patient and willing to build a relationship before beginning negotiations in earnest. Salacuse (1998) also found that 73% of Nigerians rated themselves as high in risk-taking. Perhaps, the Nigerian tendency to take chances is linked to the level of optimism embedded in the culture (Onwuejeogwu, 1995).

6. Cultural Dimensions and Negotiation Styles

Culture at the national, organizational, or subunit level exerts a subtle and yet powerful influence on people and organizations and the conflict process of negotiation are often closely entwined with culture. The pattern of cultural dimensions determines the interests and priorities of the negotiators, and thus the choice of the appropriate strategy (Brett, J.M., 2007). When the interests and main concern are known, the negotiator then decides on approach which represents the negotiating process that include an agreed conduct that will lead to an anticipated conclusion.

Culture theory has been used to explain an extensive range of social behaviors and outcomes in organizational settings (Keesing 1974; Nadler and Tushman 1988), including firm effectiveness (Denison and Mishra 1995; Duncan 1989), firm performance (Gordon 1985, Gordon and DiTomasso 1992; Kotter and Heskett 1992), corporate strategy (Wallach 1983), job attitudes (Birnbaum and Sommers 1986), administrative practices (Thomas 1989), and conflict resolution strategies in product innovation settings (Xie et al.1998).

Drawing on the influence of culture on negotiation, according to Yudhi, et al, Sunshine (1990) and Elgstrom (1990) argue that culture has a profound impact on international negotiation. For instance, language and potential understanding affect every message in interpersonal communication (Fatehi, 1996). Also Cohen (1991) argues that cross-cultural dissonance may strongly affect the conduct and outcome of a meeting. Consequently, cross-cultural negotiations must then put into consideration the other party’s culture and history, personal relationships, different meanings of certain messages and gestures, status and cultural needs. Smith (2000) using Salacuse scale explored the impact of culture on negotiations among Australian negotiation practitioners and their counterparts overseas by in-depth interviews. The findings showed the impact of cultures on their negotiations.

The research is mainly aimed to investigate the relationship between organizational culture and negotiation styles. Cooke and Lafferty (1994) developed the cultural assessment instrument, Organizational Culture Inventory (OCI) designed to measure three cultural dimensions: constructive, passive defensive, and aggressive defensive which has shown a higher level organizational satisfaction. Therefore the hypothesis for this study is:

H1: Cultural dimension of constructive, aggressive defensive and passive defensive exert significant positive influence on Negotiation styles.

7. Methodology

This study is a survey research and intended to examine the impact of culture represented by constructive, passive and aggressive dimension attitude on negotiation styles. A sample of university students with business experience from two tertiary institutions and business people in Lagos and Ibadan metropolises were sampled for this study. Data were collected from 230 respondents. The questionnaire for the study was adopted from Jalal Ali with some modifications. The questionnaires were likert scale in nature. Likert scale is the most widely used scale in survey research where respondents specify their level of agreement to a statement. 5 items measured constructive attitude, 4 items measured passive attitude and 6 items measured aggressive attitude. The items were validated and their reliability shows Cronbach's alpha as follows: constructive 0.758, passive 0.764, aggressive 0.868 and negotiation 0.794.

Data was analyzed through qualitative and quantitative approaches. Qualitative analysis was used since the method is concerned with individual assessment of attitudes, opinions, and behavior (Kothari, 2004). It also provided an objective measure of reality, and allowed one to explore and better understand the complexity of a phenomenon (Sekaran, 2003). Descriptive statistics was used to analyze quantitative data with the use of Statistical Package for Social Sciences (SPSS) and the subsequent data analyses was undertaken using ANOVA (Analysis of variance) and Pearson correlation to test their level of relatedness.

8. Discussion and Findings

The Pearson correlation was used to reflect the degree of linear relationship between two variables and determines the strength of the linear relationship between the variables; whilst, One-Way ANOVA was employed to determine the significance of the relationship. Based on the confirmation of relatedness shown in Table 1, sufficient evidence exists to confirm and accept hypothesis that each of the three organizational cultural dimensions of constructive, passive
defensive and aggressive defensive are positively and strongly correlated with negotiation styles at a confidence level of 0.99.

Table 1: Correlation Analysis of Organizational Culture dimensions to Negotiation styles

<table>
<thead>
<tr>
<th>Negotiation Style</th>
<th>Constructive Culture</th>
<th>Passive Defensive</th>
<th>Aggressive Defensive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td>.446**</td>
<td>.373**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0</td>
<td>.020</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>230</td>
<td>230</td>
<td>230</td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>.446**</td>
<td>1</td>
<td>.963**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0</td>
<td>.017</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>230</td>
<td>230</td>
<td>230</td>
</tr>
</tbody>
</table>

The table above describes the correlation analysis of organizational cultural dimension to negotiation styles. The value of constructive for negotiation style 0.446 significant at r= 0.01% which shows the high significance of the relations. The value for passive defensive is 0.437 (r= 0.01%). While value for aggressive defensive 0.373 with r=0.01%. As all the values of organizational culture have significant positive impact on Negotiation styles, so hypothesis is acceptable that organizational culture has positive impact on Negotiation styles.

Table 2: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.515</td>
<td>0.265</td>
<td>0.255</td>
<td>0.1311</td>
<td>1.146</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Constructive culture Passive culture and Aggressive culture

b. Dependent Variable: NEGOTIATION STYLE

Table 2 shows that the value of R square is .265 which is the explained variance in the dependent variable. Negotiation style by the organisational culture dimensions. As value of R=.515 which show the model fit and quite acceptable value for acceptance of model. The Durbin Watson of 1.146 showed the absence of serial correlation.

Table 3: ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>0.052</td>
<td>2</td>
<td>0.026</td>
<td>7.526</td>
<td>0.020*</td>
</tr>
<tr>
<td>Residual</td>
<td>3.9</td>
<td>227</td>
<td>0.017</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>3.952</td>
<td>229</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: NEGOTIATION STYLE
b. Predictors: (Constant), Constructive culture, Passive culture and Aggressive culture

The 3 shows F value of 7.526 indicates that the overall regression model is significant hence it has some explanatory value. This indicates that there is a significant relationship between the predictor variables of organizational cultural dimensions (taken together) and negotiation style.

9. Conclusion

Negotiation is a multi-stage process starting with the preparation to reach agreement. It involves parties persuading and altering the thoughts and behaviors of each other. Therefore, for mutual gains and benefits, the process should be in such a way that the goal and strategies and behavior expected of participants are conducted and clear at each moment. The analysis had showed that constructive culture which is also referred to as collaborative culture has a higher correlation and this culture is characterized by situation where people balance expectations for thinking independently and taking initiative with expectations to work consensually and share power. Normative behaviors for handling conflict include listening to the opinions of all parties’ involved, active mediation of different perspectives, open and honest discussion of the conflict, demonstrations of mutual respect, and ignoring tangential or highly charged issues that would escalate emotions (Murnighan & Conlon, 1991). Although, the Nigerian negotiating style is shown to be masculine, follows a distributive rather than integrative pattern (Owoyemi, et al., 2011; Spralls, et. al., 2011). A mutual relationship between the negotiators is the key to a successful negotiation. This implies that, a successful business negotiation begins with understanding the opponent’s cultural and cognitive patterns thus making the best of available opportunities.

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