

# The foreign client as an environmental factor in business negotiations

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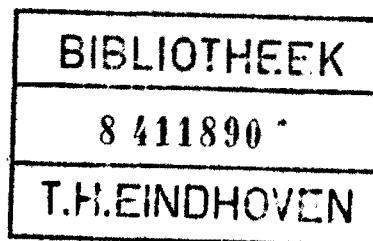
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# LCN

Language and Culture in Technical Commercial Negotiations



The foreign client as an environmental  
factor in business negotiations

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## The foreign client as an environmental factor in business negotiations

### 1. Introduction

"The concept of uncertainty is often linked to the concept of environment; the "environment" usually, is taken to include everything not under direct control of the organization and is a source of uncertainty for which the organization tries to compensate" (Hofstede, 1980: 155)

Client characteristics are a very important part of an enterprise's environment and thus belong to the multiple uncertainty factors an enterprise has to cope with.) Knowing as much as possible about the client, not only about his business-features but also about his usual behaviour and way of negotiating, helps in compensating for this uncertainty. In the present economic situation, it could be said that this is one of the most important factors now that competition is increasing and a company has to do its best to get new sales outlets and to maintain its existing outlets in order to survive.

As we all know, the market for an enterprise is not necessarily restricted to its own country. However, as it passes the border, environmental uncertainty grows and all kinds of specific problems may arise. Market mechanisms and administrative procedures may differ and in addition one is often confronted with partners speaking a foreign language and rooted in a different culture.

This point is important for the Netherlands, because it is such a small language community, but all other countries that export or import goods are faced with them, too. Thus, a businessman often has to speak in a foreign language; he meets people with different habits and

attitudes and this may lead to difficulties. Our hypothesis is that the differences in language and culture often cause misunderstandings so that effective communication breaks down.

Frequently, the first contact with a potential client is verbal, either on the telephone or in face to face communication (at an exhibition, with a commercial traveller, at business meetings etc.). The salesman, export manager or business negotiator does not only need to have a good knowledge of the market, the product and its performance, but at international meetings his success will depend to a large extent upon his ability to communicate in a foreign language.

In this paper, we will refer to a research project which highlights the difficulties that are met with in international negotiations. We will focus on the role of foreign languages and cultural differences in these interactions. In section 2, we will describe the background of the research project and in section 3, we will present the results of an inquiry involving Dutch negotiations and we will end with a short explanation of the method of linguistic analysis of negotiations which is the core of the project.

## 2. Background of the research project.

This project is a joint undertaking of Tilburg University and the Eindhoven University of Technology and it is entitled "Negotiating technical business in a cross-cultural and cross-linguistic setting". Its aim is to develop a language description model in order to identify and explain communication problems in international negotiations.

The origin of this project had its roots in a project of the Council of Europe (Harding, Esch, 1981); a group of researchers were occupied with problems of learning foreign languages for specific purposes. One of these purposes is the field of business transactions. The Dutch participants of a "French-as-a-foreign-language" group were amazed at the language difficulties experienced by workers in the field of engineering and economics when communicating in foreign languages. This implied a failure of the education system in technical and business schools. These schools train their students as technical and economic specialists, but they do not prepare them to work with other people in industry - e.g. 40% of the students at the Eindhoven University of Technology will go into technical commercial jobs (Ulijn, 1983). Some researchers of the language departments of the two above mentioned universities decided to devise a linguistically oriented research project on international negotiations, because insights into the linguistic and cultural aspects of negotiating could contribute to a better understanding of international problems and lead to improved trade relations. They will collaborate with the departments of economics and psychology of both universities.

### 3. The language problem as seen by negotiations.

In this research project we chose French-Dutch commercial relations, because of the three most used languages for international negotiations, namely German, English and French, the French language gives rise to the most problems in the occupational fields. (Claessen et al., 1978). It is often said that language and culture create the biggest barrier between the two countries.

These observations were confirmed by a inquiry of Dutch negotiators (Gorter e.a., 1983) and by some interviews that we had with Dutch and French negotiators. The inquiry and interviews had the purpose of getting a more detailed

impression of the problems. About 200 companies were sent questionnaires and 20% replied, which can be considered quite good for this kind of written survey. Subsequently, 16 interviews were arranged with Dutch and French negotiators and an outline of the more important results follows.

For most of the respondents (and interviewees), it was the first time that they had explicitly reflected upon this subject, although they admitted that they had had difficulties with foreign negotiation partners. In general, they stated that the success of a negotiation depends as much on good personal relations as on the price and quality of a product, the delivery and payment conditions, or the after sales service. Creating good personal relations requires an understanding of the cultural background and the language of the business partner. According to the negotiators the misunderstandings that arose were due to cultural differences rather than to linguistic ones and they mentioned differences on style of negotiating, in the approach to a negotiation, also, in the mentality and status of the negotiation partner; in the East block countries, in contrast to Western countries, it is quite normal to meet female negotiators or delegation leaders, whilst in Latin countries, the negotiators are often much older people than is usually the case in The Netherlands. Respecting time schedules, interruptions of the negotiation by silences and informal talk vary widely from country to country. Big differences were noticed in the amount of time that negotiators took to learn about the cultural backgrounds of their partners; some of them read a lot, others not at all. A general complaint was that there was too little specific information available. Contacts with Japan and the countries in the Middle East and Africa received most attention in cultural preparation, but negotiators spent little time learning about the cultural differences with European countries, since they considered that these countries had similar cultural values.

We will see later, how wrong this presumption is. It might be that pre-judging a culture is one of the reasons for communication problems arising between neighbouring countries.

According to the negotiators, it was hard to say whether linguistic fluency was a crucial component in a negotiation or not; many times they had had very successful meetings despite their faulty linguistic usage. However, all too often poor communication led to unfavourable results, due to a misinterpretation of agreements or the contract. We would call this a purely linguistic problem; but, in fact, linguistic factors always interfere with cultural factors. Likewise, defective speech and misunderstandings were seen as an extra source of irritation which caused personal relations to come to nothing.

The French language gives many problems to the Dutch negotiators; for some of them, it was the reason why they did not bother to enter into the French market! Expressing and interpreting nuances proved to be the greatest difficulties, and economic and juridical terms gave more problems than technical or everyday vocabulary. The problems mentioned by the French interviewees included the belief that Dutchmen speak French better than they understand it, and also, that they had difficulties with going into details. Surprisingly Dutchmen had similar problems with the French, but they saw it as a cultural difference, "Frenchmen do not give enough information, either about their products or about the next appointment".

In general, the countries responsible for the greatest number of problems due to the differences in language and culture were France and countries of the Middle and the Far East.

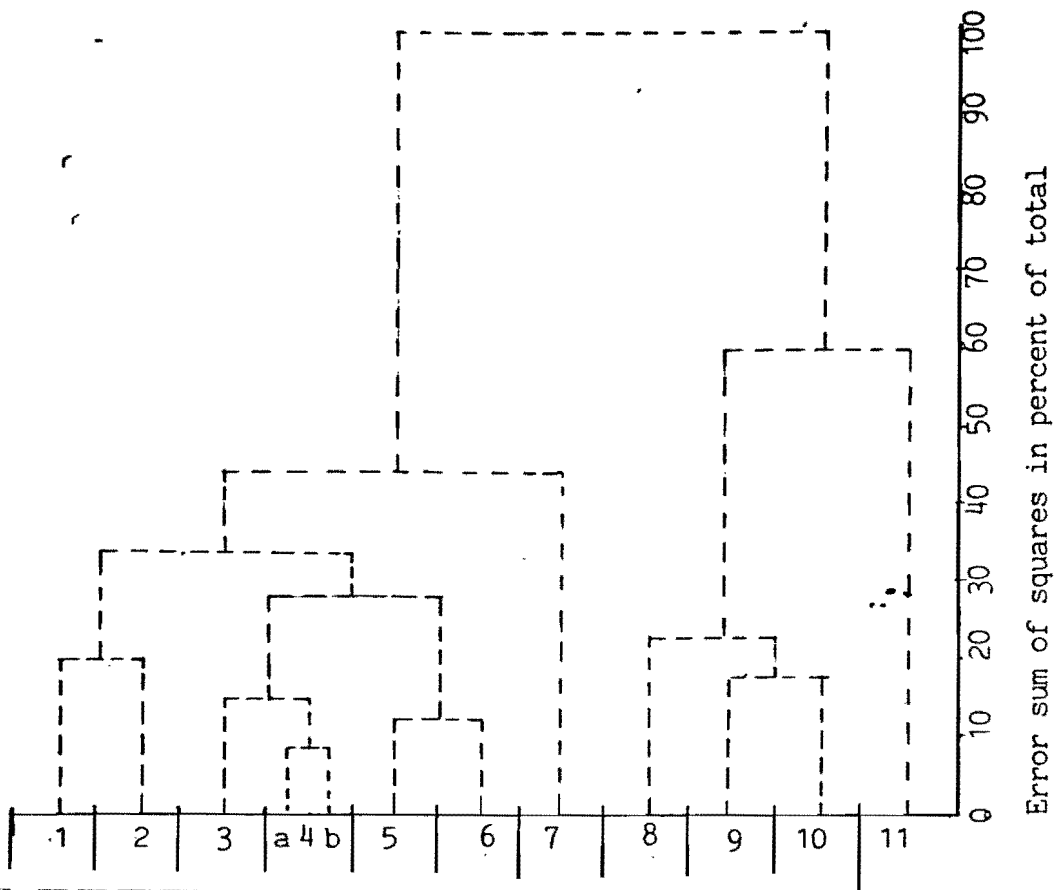
Hofstede (1980) also gave evidence to support this view in his inspired research work on cultural differences in the world of business; he tried to classify different national cultures according to the following four dimensions:

1. Power Distance Index (PDI) which indicated the relationships with senior persons
2. Uncertainty Avoidance Index (UAI) which indicated the need to regulate the unknown future in order to reduce uncertainty.
3. Individualism (IDV) which indicated the place assigned to an individual in the community.
4. Masculinity (MAS) which indicated the sex-role pattern expressed by male assertiveness as opposed to female modesty.

People of 40 different countries were asked to evaluate a large number of statements related to these four values. The countries were given a score for each of these dimensions; then Hofstede integrated the four dimensions. Through hierarchical cluster analysis he separated the countries with similar levels of the variables and he determined the culture distance between the clusters. (See figure I) He stressed that he used only one method of clustering saying that others existed which would probably give different results.



FIGURE I Country Clusters (Hofstede, 1980)



**Culture Areas Based on a Regrouping of Country Clusters**

**Clusters 3 + 4A:**  
*More Developed Latin*  
 high PDI  
 high UAI  
 medium to high IDV  
 medium MAS

Belgium  
 France

Argentina  
 Brazil  
 Spain

(Italy)

**Clusters 1 + 6:**  
*Less Developed Latin*  
 high PDI  
 high UAI  
 low IDV  
 low to high MAS

Colombia  
 Mexico  
 Venezuela

Chile  
 Peru  
 Portugal

**Cluster 2**  
*More Developed Asian*  
 medium PDI  
 high PDI  
 medium IDV  
 high MAS

Japan

**Clusters 5 + 7**  
*Less Developed Asian*  
 high PDI  
 low to medium UAI  
 low IDV  
 medium MAS

Pakistan  
 Taiwan  
 Thailand

Hong Kong  
 India  
 Philippines  
 Singapore

**Cluster 4 B**  
*Near Eastern*  
 high PDI  
 high UAI  
 low IDV  
 medium MAS

Greece  
 Iran  
 Turkey  
 (Yugoslavia)

**Clusters 8 + 10**  
*Germanic*  
 low PDI  
 medium to high UAI  
 medium IDV  
 medium to high MAS

Austria  
 Israel

Germany (F.R.)  
 Switzerland

**Cluster 9**  
*Anglo*  
 low to medium PDI  
 low to medium UAI  
 high IDV  
 high MAS

Australia  
 Canada  
 Great Britain  
 Ireland  
 New Zealand  
 U.S.A.

(South Africa)

**Cluster 11**  
*Nordic*  
 low PDI  
 low to medium UAI  
 medium to high IDV  
 low MAS

Denmark  
 Finland  
 Netherlands  
 Norway  
 Sweden

The Netherlands and France differed on 3 of the 4 dimensions (PDI, UAI and MASC), and, it might be surprising to note that the two countries were separated from each other at the first level of the hierarchy which meant a great cultural difference. The findings of this research justified the choice of French and Dutch for our study of culture/language differences.

#### 4. Performing a linguistic analysis of negotiations.

Until the present time, research on the subject of negotiations has been dominated by social psychologists (Bacharach & Hawler, 1981, Bellenger, 1978, Zartman, 1977), who discovered a great amount of things about the negotiation process, its underlying strategies and the power games used by participants. Roughly speaking psychologists classify negotiations according to two variables:

- 1) relation orientation which can be described as competitive or cooperative (and the whole range between the two)
- 2) power distribution between the different parties which can be described in terms of dominant and dominated. These factors and their interaction lead to negotiation styles and can be associated with certain strategies and tactics.

Psychological research focuses on the actuating motives of the interactants and on the factors that influence the choice of their strategies and tactics. At the same time most conclusions are based on negotiations in experimental settings. Another point is that research only concerned negotiations between persons using their mother tongue, which means that, in principle, both negotiators are able to use and interpret to a very high degree the subtleties of the use of language.

As can be deduced from the preceding text, many problems in negotiations remain, especially when they take place in a setting in which at least one of the participants has to use a foreign language. Power distribution on

the interaction is largely determined by situational (economic) factors, such as competition, position of the product and company on the market. (Dupont, 1983). But, as we have seen from Hofstede's study, relation orientation is influenced by the cultural backgrounds of the participants which implies that the verbal interaction is dependent upon the cultural background too.

But psychological research cannot give an answer to many questions which concern language use and cultural differences at a more detailed level. It cannot tell us for instance, how to express in language a cooperative way of negotiating; or by which linguistic devices the cooperative negotiator can refuse an unacceptable offer without creating the impression that this is a definitive refusal. How on the contrary his negotiation-partner recognises this intention in the utterance expressed and what sort of effect such an interaction produces in an international setting. When the cooperative negotiation is the one using a foreign language, he may express his intention in a wrong way if he does not command the whole range of types of refusal in a foreign language. (He may use for example wrong words or wrong information) The same problems arise at the interpretation level. Related to this kind of linguistic problems, cultural differences also play a rôle. It may be that an interruption of the real negotiation by small talk (e.g. about the weather or the quality of food) is considered in one culture as an effort of improving the atmosphere when things are getting difficult. The same kind of interruption may in another culture be considered as an obstacle to serious negotiating or as an irritating waste of time.

Solutions to the above mentioned problems can only be obtained by an analysis of authentic negotiations at a detailed, that is, a linguistic level. Text-linguistics offers the framework for this analysis.

According to Searle (1969) every language utterance has to be considered as a speech act. In other words people are doing things when speaking. They ask or refuse something, they greet persons, they maintain or interrupt or finish contacts. These kinds of speech acts can be expressed directly (e.g. Let's stop talking now) or indirectly (oh, it is five o'clock already and I have to catch my train at half past five!) An analysis of this kind, which means an analysis of the speaker's intentions and of the interpretations given to them by the listeners, may give answers to the questions we formulated above. We will obtain our data from authentic French-French, French-Dutch and Dutch-Dutch negotiations. More precisely the questions that we try to answer are:

- what type of speech act do the participants perform at what moment of the interaction, with what intention and how are they interpreted and reacted to by the partner(s)
- what are the linguistic devices used in these speech acts (word choice, grammar, particles, intonation, silences)?

Later on, we hope to gather cultural and linguistic data on the use of vocabulary (economic, judicial, technical) turn-taking and argumental structures.

It goes without saying that these data are to be analysed taking into account the results of psychological research, data about the interfering economic factors and the findings obtained from the above described inquiry of negotiators' opinions. Although linguistically oriented, we will thus collaborate with psychologists and specialists of economics and marketing of the Universities of Tilburg and Eindhoven.

The intended output of this research project will thus be a first insight into variables in international negotiations. Considered from a text-linguistic point of view, this insight is of high scientific interest,

but we hope to be able to formulate results in a way that they serve as recommendations for negotiators. Possibly the results will contribute to training programs for international negotiators, for example in post academic courses at both Universities. We will thus be able to reduce one of the uncertainty factors an international negotiator has to cope with when passing borders in order to contribute to the international development of an enterprise.

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