

## Cultural Differences in International Negotiations

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**Abstract:** Cultural differences are the disparities that exist in the conduction of activities by people from different cultural backgrounds. These differences are instrumental in ensuring sustainability and harmony in the way these people exist with each other. This is essential that the different cultural settings engage in various economic activities, which indicates that these people have an opportunity to trade with each other. Cultural differences, therefore, enhance negotiations between people from different cultures. At present, in the international sphere, it is important to note that international negotiations are certainly going to involve people from different cultures. In this case, it is sufficient to conclude that international negotiations are pivotal in the conduction of negotiations. There are various grounds on which this can be proven. These are the difference in economic activities, sociability level, and diversity, among other cultural aspects. Countries from different cultural backgrounds, for instance, the USA, Britain, China, and the larger Middle-East, will be analyzed to understand the impacts of a specific culture on international negotiations.

### 1. Introduction

From the perspective of common sense, it is vital to note that the cultural activity that a community engages in is sustained by the business activities that the community engages in. Therefore, it is sufficient to note that the business activity is determined by the cultural activity that the parties involved engage in. Culture is therefore instrumental in determining the business activity that a community engages in. For a community to sustain its cultural activity, the community needs to ensure that they engage in business activities that provide them with the components needed to run their cultural activity. Failure to engage in business activity that is considerate of the cultural activity of the community implies that the community will ultimately experience challenges in conducting their business activity. This indicates that the community will lack authenticity, leading to the development of social ills in that community. The relationship between culture and business activity cannot be dispensed. The link between culture and business activity is quite strong. In this regard, the negotiations are determined by the cultural activities of the parties involved. This also implies that cultural differences are influential in the international negotiations that a community engages in.

### 2. Characteristics of Different Cultures in Different Areas

Many factors add up to the cultural difference of any two particular communities. However, the main factor that constitutes cultural differences between communities is a difference in geographical location [1]. The geographical situation of a community majorly determines the cultural orientation of that community. For instance, a community situated near a water body containing fish is most likely to engage in fishing as an economic activity. Similarly, a community situated in an area that favors agricultural activities, then that community is likely to engage in agricultural activity. This is an indication that different communities in different areas have different cultural practices.

Different historical backgrounds also create a basis for disparities in cultural activities between different communities. People have been known to socialize themselves to the cultures that they find themselves in. Cultural disparities are brought in by the fact that people follow cultural patterns that other generations used to follow. It is important to note that there are cultural disparities that have a

historical base. In this case, the preservation of cultural heritage is something that each community wants to preserve. Different cultures will constantly push and advocate for their own cultures for originality, uniqueness, and authenticity. Most cultures, the world over, are keen to ensure that their cultural uniqueness and authenticity are observed and not messed with. Cultural differences are instrumental in the proper conduction of business activities.

## **2.1 Western**

The influence of the cultural disposition of a community on the business activities that the community engages in is something to reiterate. Cultural activities play a pivotal role in the business activities that a community engages in. In this regard, cultural differences are necessary for harmonious and sustainable business activity [2]. It would be an awkward situation in a case where all communities are involved in the production of similar products. This would imply that various business activities will not be ventured into, some of which may be critical business activities. Therefore, cultural differences need to exist so that various products are made available to the market. This will also ensure fairness in business transactions between communities since there will be a favorable exchange of business products and services. Business engagements are fair enough conducted where each party involved provides goods needed by the other party. Each party involved in the business transaction should benefit from the business transaction [3]. The main reason why people engage in business transactions is that they need to acquire goods and services that they do not have. Talking from an international perspective, countries that engage in international business transactions aim at acquiring goods and services that they do not have and which are crucial for the normal conduction of activities in the country. Countries can exchange goods and services for other goods and services that are necessary to the involved parties. This justifies those cultural differences are important in the creation of a healthy and favorable business space. A healthy business will ensure that each party that is involved will benefit from the business.

The Americas, Australia, and the majority of Europe constitute the westerns, and they have been known to engage in negotiations in the following manner. Most importantly, the westerns have been known to be legalistic in their negotiations. They always follow protocol and adhere to business rules and regulations. This ensures that they avoid all adversities of failure to follow the law.

The westerns have also been known to be result-oriented folks when it comes to negotiations. They ensure that the negotiations will yield tangible results.

## **2.2 Eastern**

Asians majorly occupy the Eastern world. The Middle East is also part of the Eastern world. Asians are people who require keenness while negotiating with them. While negotiating with the Asians, the business counterparts should ensure that they understand what is being addressed by the Asians. For Asians, mutual understanding is important in any negotiation.

Observing protocol is also an important aspect of negotiations of Asians. Like the western folks, the people in the eastern region ensure that they follow protocol to the letter. They adhere to every guideline stipulated in their negotiation's guidelines. This enables them to avoid inconveniences of informality.

## **2.3 Muslims**

The first thing that should be noted about Muslim styles of business negotiation is the consideration of how the religion will benefit. While partaking in negotiations, Muslims ensure that their religion will benefit from the business transaction. They have to weigh in all the possible ways that fellow Muslims benefit from that business. If the business negotiation offers no benefit to the Islamic religion, they are hostile and unwilling to engage in such negotiations.

Another aspect of Muslim negotiations is the humanistic approach that they employ in their negotiations. If the business transaction that they are engaging in is not going to benefit the religion, then it should be beneficial to some vulnerable humans in the ultimate. Muslims are therefore keen to

ensure that they benefit less fortunate people or vulnerable members of society in their business engagements.

## 2.4 Four Dimensions of Culture

Geert Hofstede developed a model of international culture that has four dimensions. According to Hofstede, these dimensions, power distance, individualism/collectivism, Masculinity/Femininity, and Uncertainty Avoidance, are very crucial when negotiating across international borders.

### (1) Power Distance

This is the extent to which the individuals who hold the less powerful positions within an organization within a country accept and expect that power is unequally distributed. In different countries, the levels of power and how they are portrayed both internally and externally vary. Western economies project a lower average result in comparison to the Chinese economy.

### (2) Individualism

This index measures the ties between individuals within a society. For instance, Chinese economies record a lower average compared to their western counterparts. In that regard, human ties rather than individual effort are more dominant in the Chinese economies.

### (3) Masculinity

This index measures how distinct the gender roles are in a society. The masculinity index in western Culture is higher than that in the Chinese economies.

### (4) Uncertainty Avoidance

This is a measure of the extent to which members belonging to a certain culture are affected or threatened by situations deemed unknown or uncertain. Hong Kong (China) and Singapore reported very low results in this index compared to their western counterparts.

The image below shows the cultural differences in countries based on Hofstede's four dimensions of culture.

Table 1. Cultural Differences in Countries based on Hofstede's dimensions of Culture

Country	Power	Individualism	Masculinity	Uncertainty Avoidance
Hong Kong (China)	68	25	57	29
Singapore	74	17	48	8
USA	40	91	62	46
Australia	36	90	61	51
Great Britain	35	89	66	35

Understanding the four dimensions of culture is, therefore, very important when engaging in cross-cultural business ventures. Cultural attitudes play an important role in how individuals think and make decisions.

## 3. Current Situation

### 3.1 Arab Petroleum Trade

The prevailing situation indicates that cultural differences are highly influential in the conduction of negotiations between nations. First, the Arab petroleum trade with other countries has been highly influenced by cultural beliefs and practices. Arab countries are known to trade with countries that have different cultural values.

### 3.2 The US Trade Wars

There have been trade wars in the recent past. The US has been at the forefront leading these trade wars. This is attributed mainly to the different cultural ideologies that exist in the US and their trade partners. These trade wars, aimed at enabling countries to dominate business, might have adverse implications on peaceful relations between countries.

### **3.3 Brexit**

The exit of the United Kingdom from the European Union, commonly known as the Brexit, is also an indication that cultural differences affect the negotiations between nations. This is indicated by the fact that business engagements did not stop after the exit. Negotiations and relations continue to exist. Similarly, the trade relations between China, Japan, and Korea are also sufficient to imply that cultural differences influence negotiations between nations.

### **3.4 Implications of Cultural Differences on Prevailing negotiations**

#### **(1) Prevailing negotiations**

It is sufficient to note that the cultural activity that a community engages in is directly linked with the business activities that the same community engages in. This indicates that business activity and cultural activity are mutually dependent on each other. Therefore, communities are required to lay equal interest and emphasis while handling both cultural concerns and business activities in that community. An instance that can be used to justify this is importing and exporting clothes. If a particular community is known to wear particular types of clothes, then the imports that they will make will only entail such clothes that they wear, not a different type. In the same regard, importation of food will not be done to locally available foods. The only exception that is justified is a shortage of the same. A community is expected to trade in items that are vital for sustainable cultural functioning. Similarly, if a community produces a set of goods in excess, it is wise to sell the excess to other communities that have a shortage of the same products.

#### **(2) Difference in Cultural Activity**

Some cultures demand the partakers to keep away from engaging in various activities, for instance, eating a particular set of foods. In this case, such a community cannot engage in business activity with another community that offers such goods unless they have different goods. This is one instance where business activity cannot take place within two communities. Business engagements will be eminent where two communities are dealing in producing different products and services, which the other community does not produce, but needs. This will form a healthy business environment.

#### **(3) COVID-19 Pandemic**

At the moment, the world is experiencing the COVID-19 pandemic. To avoid contracting the Corona Virus, people have been compelled to stay indoors and reduce social engagements with other people. However, even though people are supposed to reduce social interactions, business activities must go on. This is because people have to survive on trading goods and services, either acquiring them or selling them. The COVID-19 pandemic has affected the conduction of business activities. Most business activities have shifted to the online space [4]. Presently, people are not entirely engaging with fellow businessmen physically, and engagements have shifted to the online sphere. This has been a plus in the conduction of business activity. It is now easier for people to speak and engage each other, from whatever part of the world. The internet has made these engagements easier. Also, people can easily access marketplaces that they wish, all thanks to advancements in technology and the internet. Product sourcing is now easier than at any other time in human history. However, frauds have also become the order of the day. It is necessary to keep watch of the online engagements that business people engage in.

#### **(4) Political Instability**

Political instability has also influenced negotiations in several nations. The Afghan situation that has caused an uproar all over the world is one instance. Currently, no particular state can be interested in engaging in business activity with the Afghan state. This is because the Afghan state is in chaos. This instance indicates that peace and political stability is an appropriate space for nations to conduct business activities. Political stability is entirely critical in business engagements [5]. If not watched, cultural differences can create a space where there is misunderstanding and varying perspectives, which may hint at possible business problems and breaches. Therefore, to create a space where the different cultures thrive in business engagements, the involved parties need to understand each other

and be willing to empathetically address the other parties' business issues. This is what healthy business activity should entail

#### 4. Cultural Changes

The table below is a comparison of the power load forecasting.

Table 2. Comparison of power load forecasting of the America, China, Britain, and Arab.

America to China	Arab to America	Britain to America	China to America
Chinese negotiators fail to understand the real impression made by the American negotiators.	Arabs are detailed in their negotiations. They ensure that the Americas understand what they are talking about.	Protocol is something that British negotiators foster in their negotiations with American negotiators.	Chinese negotiators are brief and precise while conducting negotiations with American negotiators.
Chinese find it hard to understand American negotiators since they are fast in their descriptions.	Arabs are also humanistic in their negotiations. They engage with the Americans on negotiations that foster humanity.	British negotiators create room for mutual benefit in the outcome of the negotiations with the American negotiators.	Chinese negotiators are also humanistic in their negotiations with the American negotiators. They ensure that people ultimately benefit from the outcome of the business negotiation.
American negotiators are detailed in their negotiations, making it quite easier for Chinese negotiators to understand them.	Arab negotiators consider their religion while negotiating with the Americans.	British negotiators are detailed in their negotiations with the Americans to enhance mutual understanding.	Protocol is also something that Chinese negotiators foster in their negotiations with American negotiators.

#### 4.1 Introduction to Cultural Change

The harmonious existence of communities is something that needs to be fostered. Communication is an important tool in fostering this harmonious existence of communities and consequently the conduction of business activities. To create a firm business foundation among different cultures and communities, there needs to be a common understanding between the parties involved in the business activities [6]. Harmony in business is only existent where the parties involved have a common ground of understanding each other. To establish this common ground, cultural differences need to be established clearly. This will tell the discrepancies that exist between the two cultures and whether the communities involved can engage with each other in the business activity, that is, whether they are compatible.

#### 4.2 Diversity

For a business activity to continue between two culturally different communities, they have to be willing to change some aspects of their culture to engage with the other community in a successful business engagement [7]. This is because some aspects of the culture might not favor the community's engagements with people from other cultures. Therefore, each party involved in the conduction of business should be willing to accommodate the ideas offered by the other community.

#### 4.3 Negative Cultural Change

Cultural change can also be negative. That is, it may negatively impact the conduction of business engagements between two culturally different communities. Some cultural beliefs are known to be

archaic. However, some communities continue to uphold and adhere to such archaic cultural beliefs. Such cultural beliefs serve as a barrier to business engagements of communities with other communities. This is an instance where business interactions will not be possible. To handle this problem, communities need to be universal and global in their approaches. All cultures need to be reviewed under extensive scrutiny. This is to do away with barbaric cultural beliefs that are detrimental to the people's progress practicing that culture. If this is not done, people will continue to live with each other in hate. Consequently, this will bar business interactions and engagements between various communities, and there will be no social improvement and growth. Business activities and interactions will only thrive where there is mutual understanding [8]. Communities need to learn this. Without the will to understand each other, the people will not be in a position to thrive together in business activity. Therefore, communities that plan to engage with each other in business activities must be more than willing to change some aspects of their culture that act as barriers to peaceful business interactions. In the same regard, barbaric cultural beliefs also need to be done away with. This is because they are highly detrimental to successful business engagements in differently cultured communities. Successful business practice will only be eminent where there is peaceful and mutual understanding [9].

#### **4.4 Cultural Authenticity**

Culture is not something that should be easily open to alterations. This is because cultural heritage is a precious thing. The uniqueness and authenticity of culture are something that needs to be observed. Therefore, in the changing of cultural beliefs, the alterations should be so that they are not despising the authenticity and originality of the culture. Cultural authenticity and originality should be maintained since this is what makes cultures to be unique. However, if the cultural practices and beliefs are archaic, they need to be done away with. To successfully engage in prosperous business practices, communities need to ensure that they can accommodate other cultures. This will show that the different cultures engage in successful business practices with each other. Many studies reiterate that mutual understanding should be fostered in the running of business activity between communities that have different cultural beliefs. The cultural difference should not serve as a barrier to business interactions of parties that are cultured differently [10]. Instead, the parties should be willing to engage with each other despite the cultural differences, and venture into business interactions together, without considering the cultural differences as a stumbling block. Every culture should be dynamic in its approach to accommodate business ventures with other cultures. The fact that culture is learned makes it easier to ground a base for new cultures to replace archaic cultural beliefs and practices that bar successful business engagements between communities that practice different cultural beliefs.

#### **4.5 Communication and Cultural Difference**

Communications should also offer mutual understanding to the parties involved in the business engagement. Common sense reiterates that people have to understand each other to continue engaging with each other. Wherever there is no common ground of understanding, there will be no positive business engagements. This implies that the parties involved will likely bash on each other and likely engage in unhealthy business practices. Therefore, mutual communication and understanding is something that is needed to achieve a successful business engagement between different communities. It is also important to understand that appropriate and viable communication between the communities involved will enable them to understand each other and grant each other goods and services described. Good communication sees to it that there are minimal chances of misunderstanding. The parties involved will create a good rapport with each other, and they will be able to venture into more business activities together in the future.

### **5. Development and Trends**

#### **5.1 Global Citizenship**

Over time, the effect of cultural differences in international negotiations has constantly experienced a drastic revolution. This can be attributed to the fact that people have awakened into doing away with

various aspects of their cultures. Over the years, calls for global citizenship have been rampant. People are constantly being socialized into being global citizens. This is an implication that cultural differences are being made away with. Despite the rate at which this is being done, it is sufficient to note that the ultimate effect will be eradicating cultural differences. This reality has both a dark side and an advantageous side. Global citizenship implies that all people on earth be termed as one being without considering their political, social, religious, and cultural affiliations. This implies that cultural differences will ultimately be non-existent.

For business practice, global citizenship implies that there is likely going to be similarity in the needs of people all over the world. A similar community has similar needs and wants. However, the fact that these people are located in different geographical locations nullifies this claim. As earlier stated, people are known to solve their needs by using the available resources in the spaces where they exist. People have been socialized to survive with the available resources instead of straining to acquire resources that are not within reach. Therefore, it is important to note that global citizenship does not have a substantial and lasting impact on cultural differences between communities. Consequently, there is no tangible effect of global citizenship on international negotiations influenced by cultural differences.

## **5.2 Pop Culture**

It is also sufficient to note that communities constantly alter their cultures, all thanks to pop culture. People do not want to affiliate themselves with cultures that seem inferior. They want to move with the flow of things. Therefore, many people have stopped associating themselves with cultures they initially affiliated with before pop culture. Pop culture has made many people, especially youth, do away with cultural practices and beliefs that their parents used to affiliate themselves with. The influence of pop culture on international business activities is similar to the effect of global citizenship. Only that here, a relatively lower number of people is engaged. This is because those that are involved in pop culture are majorly the youth. The older generation is not involved in the culture shift. Pop culture has influenced business activities because the people involved in the culture shift engage in novel cultural beliefs and practices. A culture shift implies that there will be a change in the needs and wants that the people have. Consequently, the business activities will change. It has already been noted that different cultures engage in business activities vary from one culture to the other. This indicates that the needs and wants of people in different cultural settings are different.

To develop the influence and effect of cultural differences in international negotiations, the importance of cultural differences should be reiterated. People need to understand that cultural uniqueness is something they should strive to achieve. In this case, cultural authenticity and originality should be emphasized. Every cultural group should ensure that they remain loyal to their originality and ensure that they are not swayed culturally by other dominant cultures.

## **6. Conclusion**

The influence of cultural differences in international negotiations cannot be emphasized enough. Cultural differences play a vital role in the conduction of international negotiations. Cultural differences create a space where various business activities can thrive well. This is because different business opportunities exist, thanks to the different cultural affiliations, which implies different business activities. Based on this regard, cultural differences play a vital and instrumental role in running international activities. Consequently, cultural differences are vital in the handling of international negotiations. Mutual understanding is necessary for any negotiation.

Negotiations ensure that the parties involved can understand each other. The parties involved in negotiations must have a common ground of understanding. The difference in needs justifies the need for different cultures to engage with each other in business matters. This is because each party involved in the negotiation is interested in the offer that the other party is making. Therefore, negotiations are supposed to be win-win situations. As has been reiterated, the parties involved in international negotiations usually have different cultural beliefs and practices. This implies that the parties involved

will consider their cultural differences while making their negotiations. It is now clear that people do not need what they already have in excess. They only need products that are scarce to them. It has also been established that culture is directly linked with the business activity that people engage in. Therefore, it is sufficient to conclude that cultural difference is influential on the international negotiations.

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