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# Mediation as a Tool for Overcoming Cultural Barriers in Negotiations: a Comparison between Germany, Brazil, France and Sweden

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## Abbreviations

ADR.....	Alternative Dispute Resolution
approx. ....	approximately
Art.....	Article
CEDR.....	Centre for Effective Dispute Resolution
cf. ....	confer (Latin: compare)
CPR.....	Centre for Public Resources
DRB .....	Dispute Review Board
e.g. ....	exempli gratia (Latin: for example)
ed. ....	editor
eds.....	editors
etc.....	et cetera
EU .....	European Union
HR.....	Human Resources
i.e. ....	id est (Latin: which is)
ibid. ....	ibidem (Latin: in the same place)
ICC.....	International Chamber of Commerce
IHK .....	Industrie- und Handelskammer
p. ....	page
pp. ....	pages
UN .....	United Nations
US .....	United States
USA .....	United States of America

## **A. Introduction**

### **I. Choice of Subject**

Negotiations are common parts of business life. They concern the working place, resources, conditions or other issues. More and more they take place as cross-cultural encounters with suppliers or customers from other nations. They can as well take place within one company when employees from different nations and cultures work together resulting from a business investment in a foreign country, but also in companies which are geographically located such that people from different countries come to work there. An example of this are companies in Luxemburg which is such a small country that people come from Germany, France, Belgium and Luxemburg to their working place. The preoccupation with cultural differences that reflect on working behaviour and especially on negotiation behaviour is therefore a topic that should be taken seriously.

There is a large selection of advisory literature laying down cultural traps regarding business negotiations between Americans and Asians, Arabs etc. There is also literature to be found regarding American-European encounters. Much of this has been written from an American point of view. Limited information exists regarding inter-European encounters as well, which is scarce and, in addition, mostly written in a very academic language which makes one wonder if a manager would ever venture to read it. This indicates there is either less interest in dealing with the topic of cross-cultural negotiations in a European context or less awareness that this could be a rewarding investment.

Nevertheless, there are several reasons for looking at this subject, especially from a German perspective. First of all Germany is a country that depends largely on foreign trade. In the year 2002 it is the country with the second highest number of exports after the USA, the exports amounting to a value of 610,113 million US-Dollars.<sup>1</sup> Regarding imports Germany also comes in second place; imports amounting to a value of 491,306 million US-Dollars.<sup>2</sup> For German companies cross-cultural negotiations is therefore a topic that directly affects them.

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<sup>1</sup> see Federal Statistical Office Germany: [www.destatis.de/cgi-bin/ausland\\_suche.pl](http://www.destatis.de/cgi-bin/ausland_suche.pl) (29.03.04).

<sup>2</sup> see Federal Statistical Office Germany: [www.destatis.de/cgi-bin/ausland\\_suche.pl](http://www.destatis.de/cgi-bin/ausland_suche.pl) (29.03.04).

Secondly, it has to be stressed that Germany's most important trade partner is France, i.e. an European country. It is the country where most of Germany's exports go to and the one that most of Germany's imports come from.<sup>3</sup> The Chamber of Commerce of Trier (Germany) stresses, however, that time and time again German-French enterprises fail due to cultural misunderstandings.<sup>4</sup>

Thirdly, it seems to be more challenging to investigate countries that unlike USA-China or Germany-China, do not seem to be culturally much apart at first sight. To many business people it is quite obvious nowadays that one has to prepare for the cultural differences existing between Germany and Asian or Arab countries. The question that will be investigated in this work is whether the same is valid for encounters between Germans and French, Swedish and Brazilian business people. All these countries are considered countries that are culturally quite close.

Sweden has been chosen as a target for investigation since it represents a European country that promises to give insights into a culture that differs both from German and French culture although these countries are all European ones.

Brazil has been included since it represents a large market and a culture that has also been influenced by Europe, mainly Portugal. Moreover, the author of this paper speaks Portuguese and was particularly interested in using this ability when investigating Brazil.

Besides examining culture's influence on negotiations the applicability of mediation as a tool for overcoming the barrier that culture can pose is at the centre of this study. Mediation has been a popular topic for research for some years now and still is one. In this context it can be viewed to be new.

## **II. Aim and Course of This Work**

The aim of this work is to investigate the role of culture in a cross-cultural business encounter and to investigate the potential of mediation for these specific situations. The results should help to reach an understanding and improvement of

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<sup>3</sup> see Federal Statistical Office Germany: [www.destatis.de/download/d/aussh/rang2.pdf](http://www.destatis.de/download/d/aussh/rang2.pdf) (29.03.04).

<sup>4</sup>cf. IHK Trier, Erfolgreich investieren in der Grande Nation, p. 22. Also available online under: <http://www.ihk-trier.de/upload/dokumente/100483.pdf> (11.12.03).

communication in these situations - knowing that communication is one of the most vital manager's tasks that takes up between 50 and 90 % of a manager's time.<sup>5</sup> Therefore communication that is not disturbed by cultural misunderstandings is essential for the success of any cross-cultural enterprise.

The first main part examines if there are any differences in the way that these nations approach business - especially negotiations – and if so, the disclosed differences will be laid down and explained with an outlook on the cultural roots of these specific issues of behaviour. The main focus rests on Germany as a starting point with which the other cultures will be compared. Different approaches regarding research findings in the cultural field will be presented and applied to the particularities found in the named nations.

In the second main part mediation will be scrutinized as a possible tool to facilitate cross-cultural negotiations. It will be questioned whether mediation may be helpful in a cross-cultural context, which aspects of mediation can help to overcome the special barrier culture in negotiations, working methods and which factors may have to be considered with special care in such a situation. This will be done with a focus on the cultural dimensions presented in the first part. In a next step, cultural training will be briefly presented as a human resources tool that may help to prepare for a temporary stay abroad and for cooperation with members of other cultures. For this different training methods will be explained.

In a conclusion the findings of this paper will be summarised, specific advice for negotiations with the cultures under scrutiny will be given and a general checklist for cross-cultural negotiations will be presented.

It must be stressed that this paper will not be an empirical work, but concentrate on the analysis of the existing literature and partly resort to interviews carried out by the author. In total this work should be an inducement for further research on the influence of culture on negotiations within Europe and the advantages that mediation can offer for cross-cultural encounters.

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<sup>5</sup> cf. Deresky, International Management, p. 98.

## **B. Negotiations in a Cross-Cultural Context**

In today's world where globalisation seems to have made the business world getting closer and more similar, many believe that business is conducted nearly the same way all over the world and, thus, that a long preparation for cultural differences in negotiation styles is not needed. This is especially believed to be true in countries that are geographically close. This section examines if this is really the case or if it is advisable to prepare for cultural aspects in negotiations.

The focus in this research project is on cross-cultural contexts assuming that the subject of negotiation in general has already been comprehensively examined.

### **I. Influence of Culture on Business Life**

#### **1. Culture as a Barrier to Negotiations – Some Introductory Examples**

Societies are influenced in their behaviour by culture in many aspects – one of them negotiations. Different cultures have different approaches to time, to communication, to concepts like honour or face etc. Time for example is a concept that is not universally handled the same way. When Americans are about to make a deal their guideline is “Time is money”. Therefore they intend to come directly to the point in order to conclude the deal without delay. Yet for Asians the first intention when meeting potential business partners is to get to know the other in order to be able to decide if a partnership is desirable.<sup>6</sup> Thus they spend much time with ceremonies and rituals like having tea together, playing golf and talking about other than mere professional issues or the questions at stake. For cultures that directly want to approach the core dealing questions this seems like a big waste of time. For the other cultures, yet, this does not mean that factual problems are ignored. These facts are merely been seen in a broader and more long-term oriented context that is connected to persons as well.<sup>7</sup>

There are also well-known stereotypical generalisations like the belief that Germans are always punctual, French or Brazilian always unpunctual. This may turn out to be right or wrong. The point however is that there are different

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<sup>6</sup> cf. Salacuse, *The Global Negotiator*, p. 101.

attitudes to time behind this which should be known in order to understand why the French or Brazilian negotiation party is always late and in order to see that this does not have to mean that they do not take the negotiations or the other parties themselves seriously enough. The reasons for this type of behaviour will become clear in the course of this work.

Also there are differences as to the typical pattern of verbal interaction. In cultures like the German it is considered very rude behaviour to interrupt someone who has not yet finished speaking. In Latin countries like Brazil interruption is not regarded much of a problem since it is a sign of interest when someone actively participates in a conversation.<sup>8</sup> Oriental cultures however have an opposite attitude to interruptions; these are real offences. One is not to interrupt others and in addition, people take more time to think about their answers before articulating them. This is even difficult to handle for cultures like the German one, since Germans are not used to long moments of silence in conversation which they then interpret as a failure of conversation that must be filled<sup>9</sup>.

These are only some examples of the impact that culture can have on negotiations. In the following chapters the impact of culture on negotiations will be thoroughly examined and explained. It will be shown that ethnocentrism, i.e. judging others according to one's own standards which are supposed to be the only reasonable ones<sup>10</sup> can prove harmful in cross-cultural encounters since it prevents people from understanding that the known standards are not the only correct ones – an assumption that often prevents people from accepting different behaviours. However, before this can be done it is necessary to explain some central terms.

## **2. Definitions**

For the purpose of this thesis it is important to define some central terms. The most important term is obviously the term culture. Culture can be defined as

“the system of meaning and value shared by a community, informing its way of life and enabling it to make sense of the world. Members of a group acquire their

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<sup>7</sup> cf. Cohen, *Negotiating across Cultures*, p. 82.

<sup>8</sup> cf. Trompenaars/Hampden-Turner, *Riding the Waves of Culture*, p. 75.

<sup>9</sup> cf. *ibid.*

<sup>10</sup> cf. Brislin, *Understanding Culture's Influence on Behavior*, p. 38.

signification system through a complex process of learning, or acculturation, permitting intelligible communication and interaction – linguistic, nonverbal, ritualistic and symbolic – between them.”<sup>11</sup>

Culture consists of many different levels: national, regional, professional, religious etc. For the purpose of this project culture will be looked at on national level since even if it is not possible to say that all German, Brazilian, French or Swedish act without exception and always in a clearly defined way - since the way someone acts is influenced by many factors - still it can be acknowledged that the national influence of a country on behaviour can be detected in a general way. In order to be able to understand other cultures it is important to have an understanding of one’s own culture.<sup>12</sup> This is essential to see that assumptions about what is good, normal, acceptable or not acceptable are influenced by one’s culture and therefore not universally valid.

It is furthermore important to distinguish between intra-cultural contexts and inter-cultural or cross-cultural contexts. In an intra-cultural context the action that is referred to takes place between groups or individuals that relate to the same cultural frame. When talking about inter-cultural or cross-cultural contexts the interaction takes place between groups or individuals that belong to different cultural backgrounds.

With these definitions in mind the question of culture’s influence on negotiations will be examined. First some theories on work-relevant cultural dimensions will be presented.

## **II. Hofstede's Cultural Dimensions**

Geert Hofstede, a Dutch researcher has written one of the most well-known books in the field of culture related influence on work motivation. He collected approx. 117,000 questionnaires from 66 countries of whom for the stability of the data only 40 countries were eventually taken into consideration.<sup>13</sup> From the data

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<sup>11</sup>see Cohen, Cultural Aspects of International Mediation in: Bercovitch (ed.), Resolving International Conflicts, p. 107 (p. 109).

<sup>12</sup> cf. Deresky, International Management, p. 68.

<sup>13</sup> cf. Hofstede, Culture’s Consequences, p. 39.

collected Hofstede identified four, later five dimensions of culture which he uses to explain the influence of culture on work-related values. The dimensions are power distance, uncertainty avoidance, individualism/collectivism, masculinity/femininity and long term orientation. In the following section the five dimensions will be explained.<sup>14</sup>

### **1. Power Distance**

Power distance relates to the emphasis that a culture places on hierarchical differences and how acceptable these inequalities are in a society.

In business life power distance materializes in the boss-subordinate relationship that can vary considerably from culture to culture. While in one culture boss and subordinate may call each other by first names, openly discuss diverging opinions and go for lunch together, in other cultures subordinates may bow for their bosses, call them respectfully by their titles and never dare to even think about having lunch together.

In the questionnaire that Hofstede used the main question to measure power distance was the following: “How frequently, in your experience, does the following problem occur: employees being afraid to express disagreement with their managers?”<sup>15</sup> Other questions referred to preferred leadership-styles of the questioned and to the perceived leadership-styles of their superiors.

As a result the Philippines scores an average power distance index of 94, thus being the country with the highest power distance scores and Austria shows a power distance index of 11 which is the lowest power distance result in total.<sup>16</sup>

The countries considered here for the purpose of this paper show very diverging results. Among the four countries in question Brazil is the one with the highest power distance index. With a score of 69 it shows a comparatively high power distance. France comes very close to this with a power distance index of 68. At the time when the research was conducted Germany was still a divided country and therefore only former Western Germany was taken into account. Germany

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<sup>14</sup> see also Appendix 3.

<sup>15</sup> cf. Hofstede, *Culture's Consequences*, p. 73.

<sup>16</sup> cf. *ibid.*, p. 77.

features a power distance index of 35, thus a relatively low result. The country that shows the lowest emphasis on power distance among the four countries in question is Sweden. Sweden features a power distance index of only 31, being in a cluster with the other Scandinavian countries which all scored low in the power distance dimension. Also, of the Scandinavian cluster, Sweden is the country with the lowest scores.

What should be noted is that while Germany shows also a relatively low power distance result, it is in the same league as Great Britain - the country where class differences are the strongest, i.e. power distance is strongly emphasized between different educational and occupational levels.<sup>17</sup>

Power distance influences negotiations insofar as it leads to decisions being made at a company's top level and negotiators may need to seek approval by their superiors which can slow the negotiation process with members from high power distance cultures considerably.<sup>18</sup>

## **2. Individualism versus Collectivism**

Individualism versus collectivism represents a dimension which shows one of the most striking differences of values between societies. Individualistic cultures place a stronger emphasis on the individual, its needs, abilities and its personal freedom. Collectivistic cultures assume that what is best for the society as a whole is the best for the individuals as well. In these cultures more emphasis is put on the needs of the society, thus, on common goals, or, what the majority wants.

Questions that examined the individualism index related to the importance attributed to high earnings, cooperation in the work place, recognition, freedom for personal approaches to the job or the security of a life-long employment with the same company etc.<sup>19</sup> On the individualism index the USA scored highest with a value of 91 points and Venezuela lowest with 12 points. Of the four countries considered here Sweden and France scored highest on individualism with a result of 71 points for both. Germany also scores relatively high on individualism with

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<sup>17</sup> cf. *ibid*, p. 79.

<sup>18</sup> cf. Lewicki/Litterer/Minton/Saunders, *Negotiation*, p. 418.

<sup>19</sup> cf. Hofstede, *Culture's Consequences*, Second edition, p. 155.

67 points. Only Brazil scores low, i.e. is to be considered a collectivistic oriented culture, showing a value of 38 points.<sup>20</sup>

In collective cultures the concept of face is paramount.<sup>21</sup> Face is closely connected with society since it is important not to disappoint the group(s) that one belongs to, i.e. family, neighbourhood, company. The concept of personality that is so valuable to western societies is not known in other societies, like the Chinese. There is a word for “man” in Chinese, but it describes a person in a broader way taking his environment into account.<sup>22</sup> Thus the need to see a person as an individual, independent from other people is not known in a society like in China whereas it is a basic outlook on life for Westerners.

### **3. Masculinity versus Femininity**

This dimension refers to the question whether a society emphasizes rather masculine values like achievement, material wealth or competition or if more feminine values like nurturing, taking care of others etc. prevail. In general “male behaviour is associated with autonomy, aggression, exhibition, and dominance; female behaviour with nurturance, affiliation, helpfulness, and humility”.<sup>23</sup>

The questions posed relate to the experience of stress, decision making style, preferred company size etc. Based on these questions it was deduced whether more masculine attitudes like taking decisions on its own without consulting others or rather feminine attitudes like group consultations were preferred. Another deduction was that if someone, for example, preferred smaller companies, that this person exalted a tendency towards more feminine values rather than to masculine ones, since men in average prefer larger companies.<sup>24</sup>

Of the forty countries examined by Hofstede Japan scored highest on the masculinity index with 95 points. The country that scored lowest is Sweden with only 5 points. A relative high result is shown concerning Germany where 66 points on the masculinity index were attained. Brazil turned out to be a country

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<sup>20</sup> cf. Hofstede, *Culture's Consequences*, Second edition, p. 158.

<sup>21</sup> cf. *ibid.*, p. 151.

<sup>22</sup> cf. *ibid.*, p. 150.

<sup>23</sup> see *ibid.*, p. 178.

<sup>24</sup> cf. *ibid.*, p. 195.

with even tendencies to both values with a result of 49 points, but which in comparison to Germany shows a stronger tendency to feminine values. France is also more oriented to femininity with a score of 43 points.<sup>25</sup> It should be noted that in France, Germany and Sweden women in high-profile positions scored at least as high in masculinity as their male colleagues. In Brazil however this is not the case, here they lean even more to femininity than their clerk colleagues do in comparison to their male colleagues.<sup>26</sup>

In general it can be said that societies with low masculinity index are more people oriented than societies with high masculinity index,<sup>27</sup> thus when working together with partners from low masculinity index societies it will be important to pay attention to personal relationship. By contrast, for employees that come from societies scoring high on masculinity it will be important to consider the employee's need for challenge, recognition and career possibilities.

Negotiations will be influenced by this dimension since whereas negotiators from societies with high masculinity index tend to be more competitive, negotiators from "feminine" societies tend to show more empathy in negotiations and tend to be more prepared to seek for compromises.<sup>28</sup>

#### **4. Uncertainty Avoidance**

The dimension uncertainty avoidance relates to the question how strong the need for security is in a society. This need is reflected e.g. on the reliance on experts, on the amount of regulations in a country or the intolerance of ambiguity which expresses itself for instance in the low acceptance of different opinions.

In Hofstede's research various questions were used to measure the national degree of uncertainty avoidance. One question was related to the importance of rules for a culture. The question was: "Company rules should not be broken – even if the employee thinks it is in the company's best interest."<sup>29</sup> Whereas a person disagreeing with this statement demonstrates finding it bearable to take risks and

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<sup>25</sup> see Culture's Consequences, Second edition, p. 189.

<sup>26</sup> cf. *ibid*, pp. 194/195.

<sup>27</sup> cf. *ibid*, p. 205.

<sup>28</sup> cf. Lewicki/Litterer/Minton/Saunders, Negotiation, p. 419.

<sup>29</sup> see Hofstede, Culture's Consequences, p. 118.

consequently facing uncertainty, someone who would agree to this statement shows a higher tendency to uncertainty avoidance, taking no risk. Other questions referred to the time that people planned to stay in the same company, stress at work etc.<sup>30</sup>

As a result Greece scored highest (112 points) on the uncertainty avoidance index. The lowest result shows Singapore with 8 points. France shows a rather high tendency to uncertainty avoidance (86 points). Brazil, too, shows a relatively strong uncertainty avoidance tendency with 76 points. (Western) Germany scored 65, is thus somewhere in the middle and Sweden scored comparatively low in their need for security with a result of 29 points on the uncertainty avoidance index.<sup>31</sup>

Societies with a high uncertainty avoidance index seek for security for their future through three tools: technology, rules and rituals.<sup>32</sup> New ideas, however, are not necessarily welcome since they represent a danger to the known and approved. There is special trust on experts who are considered to be the ones that are most capable. Societies with a low uncertainty avoidance index tend to be more flexible and tolerant with regard to opposing ideas and change in general. There is less belief in expert consulting and, consequently, everyone can feel more welcome to express ideas and suggestions.

In negotiations high uncertainty avoidance is generally reflected by a lower flexibility and the need for structure and rules.<sup>33</sup>

## **5. Long Term Orientation**

Using a survey conducted in cooperation with the Chinese University of Hong Kong Hofstede examined a fifth dimension that he called long term versus short-term orientation or confucianism.<sup>34</sup> For this dimension samples were taken in 23 countries.

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<sup>30</sup> cf. *ibid*, pp. 119/120.

<sup>31</sup> see *ibid*, p. 122.

<sup>32</sup> cf. Hofstede, *Culture's Consequences*, p. 139.

<sup>33</sup> cf. Lewicki/Litterer/Minton/Saunders, *Negotiation*, p. 419.

<sup>34</sup> cf. Hofstede, *Culture's Consequences*, Second edition, pp. 69 + 351.

Long term orientation signifies that the most valued virtues in the society are oriented towards future rewards. Due to this, virtues like perseverance and thrift are highly valued. Furthermore it is also considered important having a sense of shame which results in the sense of obligation to support others and to keep one's commitments. Short term orientation on the other hand stands for values that tend towards the past and the present, especially tradition and a sense of obligation.<sup>35</sup>

The country that scored highest in long term orientation is China with a score of 118, followed by Hong Kong (score 96), Taiwan (score 87) and Japan (score 80). The country with the lowest long term orientation is Pakistan which scored 0, followed by Nigeria (score 16), Philippines (score 19) and Canada (score 23).<sup>36</sup>

Brazil can be found on a relatively high long term orientation level with a score of 65. Germany shows a relatively low long term orientation with a score of 31. The same is valid for Sweden with a score of 33.<sup>37</sup> France has not been included in the research.

In societies with elevated long-term orientation business results are, correspondingly, also looked at in a long-term perspective. In societies with a rather short-time orientation business results are judged on a short-time perspective, putting more pressure on quarterly or yearly figures.<sup>38</sup> In negotiations a long-term perspective will result in taking past and future contacts into consideration which in turn will result in a lower urgency to maximize gain at the present deal.<sup>39</sup>

### **III. Other Researchers**

#### **1. Hall: Different Time Notions and Communication Styles**

Edward T. Hall investigated several aspects of culture such as space, significance and handling of different concepts of time, communication styles, etc. Two aspects merit special attention since they are particularly useful when

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<sup>35</sup> cf. Hofstede, *Culture's Consequences*, Second edition, p. 359.

<sup>36</sup> see *ibid*, p. 356.

<sup>37</sup> see *ibid*.

<sup>38</sup> cf. *ibid*, p. 361.

<sup>39</sup> cf. Greenhalgh, *Relationships in Negotiations in: Wiggins/Lowry (eds.), Negotiation and Settlement Advocacy*, p. 122 (p. 127).

investigating the reasons for diverging attitudes in different cultures. The two aspects relate to the different notions of time, i.e. monochronic and polychronic concepts and two different ways of communication, i.e. high and low context communication styles.

a) Monochronic and Polychronic Notions of Time

Attitudes to issues like punctuality and acceptable delays vary from one culture to another. Making a visitor wait for a specific time is perceived differently in France or Germany. What may be considered an insult in Germany, can still be considered a normal delay in France.<sup>40</sup> These different attitudes to time are widely known. Less consciousness exists about different underlying concepts concerning the use and perception of time.

In monochronic cultures time is perceived and consequently used in a sequential way; i.e. it is something that starts in the past and leads to the future.<sup>41</sup> This means that every section of time is used for merely one action and other tasks are dealt with only after the preceding ones have been concluded. Germany is an example of a country that is strongly monochronic, others are the USA or countries in Northern Europe.<sup>42</sup> Monochronic time is oriented to tasks, schedules and procedures. These are considered important and must not be neglected.<sup>43</sup>

The opposite is a polychronic attitude to time. This concept of time is less linear and allows several actions taking place simultaneously.<sup>44</sup> Punctuality is regarded less important than personal relationships and therefore agendas are not respected the same way they are in monochronic cultures. A strong example of a polychronic culture is France. More polychronic cultures are found in Southern Europe and Latin America.<sup>45</sup> Polychronic cultures stress a unique involvement of people. Activities in connection with people are not easily interrupted - rather,

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<sup>40</sup> cf. Hall/Hall, *Guide du comportement dans les affaires internationales*, p. 40.

<sup>41</sup> cf. *ibid*, p. 42.

<sup>42</sup> cf. *ibid*, p. 43.

<sup>43</sup> cf. Hall, *The Dance of Life*, p. 53.

<sup>44</sup> cf. Hall/Hall, *Guide du comportement dans les affaires internationales*, p. 43.

<sup>45</sup> cf. *ibid*, pp. 44/46.

schedules are changed. This is frequently the case, appointments and also plans not being taken as seriously and therefore can be changed at short notice.<sup>46</sup>

b) Low and High Context Communication – Direct versus Indirect

Monochronic and polychronic approaches to time are closely related to different communication styles.

Low context communication stands for a communication that uses little reference to context. That means that communication must be explicit, outlining every detail one requires to understand a problem. Germany is an example for this sort of communication culture.<sup>47</sup> The need for explicit, thus detailed information risks leading to an overload of information which then has to be organized. Its advantage is that it is a very direct communication style that is easy to understand. This direct communication style can however be difficult to accept for cultures that prefer indirect and careful statements.

France belongs to the cultures that use strong reference to context, i.e. a high-context culture.<sup>48</sup> In high-context cultures communication functions in a more indirect way. Statements are not only interpreted according to their literal meaning, but other cues such as the circumstances of the situation are taken into account when interpreting them.

Permanent personal contacts provide abundant and fast information where explicit details are just completing the picture. Thus a less detailed and less explicit communication is sufficient for understanding the message. For low-context cultures this sort of communication is difficult to understand as members of low-context cultures risk to feel that they are missing information or they do not understand hints, because they are used to direct and detailed communication.

While privacy and autonomy are the core values of low-context cultures, interdependence and inclusion are the core values of mostly collectivistic, high-context cultures.<sup>49</sup> This seems logical since much of the required information is

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<sup>46</sup> cf. Hall, *The Dance of Life*, p. 47.

<sup>47</sup> cf. Hall/Hall, *Guide du comportement dans les affaires internationales*, p. 57.

<sup>48</sup> cf. *ibid.*, p. 51.

<sup>49</sup> cf. Augsburg, *Conflict Mediation across Cultures*, p. 92.

provided by other members of the team. Furthermore a high-context, indirect communication style is important for societies which depend on the collective and for which the risk of provoking a loss of face to someone of the collective or to oneself is a real misfortune. Indirect statements that have to be decoded do not risk a loss of face as easily as direct statements that are immediately understood.

## **2. Trompenaars's Study on Management Styles**

Trompenaars, a Dutch researcher and practitioner in inter-cultural trainings formulated seven key dimensions of business behaviour and how they are influenced by culture. The seven dimensions are: universalism/particularism, individualism/communitarianism, neutral/emotional, specific/diffuse, achievements/ascription, attitudes to time and attitudes to environment.<sup>50</sup> In the following the dimensions universalism/particularism as well as specific/diffuse culture will be briefly explained in order to be able to refer to them when business behaviour in general and especially when negotiating is to be examined. The other dimensions will not be investigated since they do not introduce new aspects in addition to Hofstede's or Hall's researches.

### a) Universalism versus Particularism

For the universalist all rules apply for everyone and exceptions are very rare. It is regarded as important to adhere to rules since this prevents chaos and unfairness. The particularist is more inclined to change rules for specific situations and especially for actions involving individuals. For him relationship is paramount and this is more important than abstract rules. When in a business matter it comes to having to decide between friendship and loyalty to one's company 67 % of Swedish respondents opted for their company<sup>51</sup> and can therefore be considered a universalist culture. In France 53 % opted for their company,<sup>52</sup> thus they represent a more particularist culture. In a question that asked for a decision between lying for a friend and telling the truth to the police 91 % of the Swedish decided that they would tell the truth, 85 % of the Germans, 75 % of the Brazilians and 73 %

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<sup>50</sup> cf. Trompenaars/Hampden-Turner, *Riding the Waves of Culture*, pp. 8 – 10.

<sup>51</sup> see *ibid*, p. 39.

of the French.<sup>53</sup> This shows that among these countries Sweden is the most universalist one, believing that rules must be followed by everyone the same way. Germans seem to think the same way most of the times. In contrast to this French and Brazilians are more in favour of taking personal relationships into consideration.

#### b) Specific versus Diffuse Cultures

A further important difference in approaching business is based on the distinction between specific and diffuse cultures. Specific cultures separate the task-relationship from other relationships.<sup>54</sup> The consequence is that a superior in a specific culture does not regard himself as superior in all areas of life. In case he meets a subordinate outside their working-area, say in questions that deal with education or cars, etc. he does not expect to be treated like a superior in this other area as well. He also does not expect to be called by his title by his subordinates outside their working-relationship or by people from his private environment like sales-persons, the butcher etc.

While the USA, Scandinavia and Northern Europe are cultures where a specific attitude – in different grades – prevails, in Asia, South America, Southern Europe and Arab countries a more diffuse attitude can be identified.<sup>55</sup> For diffuse cultures the treatment of managers in specific cultures may be viewed as being shockingly disrespectful when observed in their private life may, since diffuse cultures expect the same treatment they get inside their task-relations also in other areas of their life. When someone is a doctor or a director he does expect to be a doctor respectively a director for everybody and in every situation, yet especially with regard to his subordinates.<sup>56</sup>

When working or negotiating with diffuse cultures one has to consider that they don't strictly separate facts from personal emotions and what is considered a purely factual criticism concerning professional issues can easily be taken as a

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<sup>52</sup> Trompenaars/Hampden-Turner, *Riding the Waves of Culture*, p. 39.

<sup>53</sup> see *ibid.*, p. 35.

<sup>54</sup> cf. *ibid.*, p. 81.

<sup>55</sup> cf. *ibid.*, p. 96 (see graph).

<sup>56</sup> cf. *ibid.*, pp. 82/83.

personal affront. In addition, a negotiation with a diffuse culture will take more time since relationship is closely connected to business, which means that before concluding a deal time is invested to get to know the other party. It should be noted that specific cultures are mostly cultures which apply a low-context communication and diffuse cultures use to apply a high-context communication.<sup>57</sup>

## **IV. Culture's Influence on Business Organizations**

### **1. General**

As has been explained all human actions, perceptions, attitudes are influenced by culture. This in turn influences the way that processes are structured, decisions are taken and actions are planned. This section examines in which particular way culture influences business enterprises and the attitudes and actions of managers in the chosen countries. These findings will help to understand the behaviour in negotiation and cooperation situations.

### **2. Organizational Culture in Germany**

Germany is a country whose business enterprises are characterized by their strong emphasis on product quality. This is closely related to its training and management culture. Most of the times German managers are qualified engineers with formal qualifications as opposed to lawyers in American companies or sales or financial experts in British companies.<sup>58</sup> From this technical qualification follows a management emphasis on design, quality and punctuality.<sup>59</sup>

In comparison to France the managerial hierarchy in average is shorter.<sup>60</sup> This is coherent with the results on the power distance index where France scored higher than Germany. Moreover the organizations are more decentralized which results in every unit being responsible for its results.<sup>61</sup> It is striking that the decentralized organization of the country reflects on the organization of most companies. This

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<sup>57</sup> cf. Trompenaars/Hampden-Turner, *Riding the Waves of Culture*, p. 89.

<sup>58</sup> cf. Dyson, *Cultural Issues and the Single European Market: Barriers to Trade and Shifting Attitudes in: Gessner/Hoeland/Varga, European Legal Cultures*, p. 387, (p. 394).

<sup>59</sup> cf. *ibid.*

<sup>60</sup> cf. *ibid.*

<sup>61</sup> cf. Hall/Hall, *Guide du Comportement dans les affaires internationales*, p. 81.

can equally be remarked with French organizations where the opposite is the case: companies are mostly organized in a centralized way, like the country is organized in a centralized way, too. The less hierarchical and decentralized way of organization includes a more participatory decision making process. Decisions are made in a consensus seeking process whose consequence is a longer period for taking a decision. Once agreed upon, however, decisions are quickly implemented.<sup>62</sup> Nevertheless, Germany is also influenced by high masculinity. Managers from masculine countries favour a resolute leading style.<sup>63</sup> Figures and facts dictate decisions strongly in contrast to group consensus in more feminine cultures.

From a French point of view it is striking that in contrast to France in Germany authority depends from practical knowledge and not from the mere educational background, i.e. the status of the education. “Il est clair qu’ici, la hiérarchie ne repose pas sur les diplômes, mais sur la capacité des hommes à travailler.”<sup>64</sup> It is the German expression “Fachkompetenz” that stands for this authority based on actual professional knowledge. Diplomas are important in Germany, but it is not like in France where the mere diploma from one of the “grandes écoles” is a must for a career in management and politics.

Although uncertainty avoidance and long term orientation are relatively scarce in Germany, in organizational issues a preference for long-term decisions can be discerned. This comparatively long-term orientation makes it more difficult for German organizations to adapt to a changing environment in a flexible and fast way, at least seen from a French point of view.<sup>65</sup>

High uncertainty avoidance also leads to a rather traditional leadership style.<sup>66</sup> Modern or newly developed concepts whether regarding financial strategies, working processes or human resources tools will probably be tried out later than in countries with low uncertainty avoidance.

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<sup>62</sup> cf. Hall/Hall, *Guide du Comportement dans les affaires internationales*, p. 103.

<sup>63</sup> cf. Hofstede, *Lokales Denken, globales Handeln*, p. 133.

<sup>64</sup> cf. Pateau, *Une étrange alchimie*, p. 55.

<sup>65</sup> cf. Hall/Hall, *Guide du Comportement dans les affaires internationales*, p. 100.

<sup>66</sup> cf. Macharzina/Oesterle/Wolf, *Europäische Managementstile – Eine kulturorientierte Analyse* in: Berger/Sterger (eds.), *Auf dem Weg zur Europäischen Unternehmensführung*, p. 137 (p. 148).

In Germany most people strictly separate private life from business life. Germans do neither expect nor accept their employer to get involved in their private life.<sup>67</sup> They do not normally expect their employer to care for their housing and they do not ask their superiors for advice regarding their private lives. This shows a distinct attitude as opposed to a diffuse attitude that prevails in France and even more so in Brazil where the superior is regarded like a father who can get involved in nearly every aspect of one's life.

A further special feature is that in Germany office doors are often closed. This is not always a sign that the person does not want to be disturbed; it is more of a symbol of order and private sphere.<sup>68</sup> Like a fence that tells the others where the personal space starts a door marks the territory that must not be easily crossed.

### **3. Organizational Culture in Brazil**

Brazil has been a Portuguese colony for a long period and has therefore experienced a history of obedience to power and hierarchical organizations.

The "fazendas", large sugar and tobacco plantations, were the prototype family enterprises where the father was the patriarch that everyone had to follow. These family enterprises strongly influenced Brazil's present-day companies.

"A empresa no Brasil surge a partir da família, não só pela forte caracterização de empresas familiares no contexto histórico empresarial brasileiro, mas também pela sua relação direta com a estrutura familiar patriarcal."<sup>69</sup> This structure of strong centralisation of powers and urge of obedience is still present in Brazil's companies of these days.<sup>70</sup> It is a structure where conflict is avoided<sup>71</sup> not by trying to accommodate other opinions, but by using and imposing one's authority. When it comes to decision-making authority is used to reach a solution, that entails decisions where subordinates can participate are less frequent. Therefore Brazilians are likely to feel uncomfortable if invited to take part in decision

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<sup>67</sup> cf. Schroll-Machl, Deutschland, in: Thomas/Kammhuber/Schroll-Machl (eds.), Handbuch Interkulturelle Kommunikation und Kooperation, p. 72 (p. 80).

<sup>68</sup> cf. Hall, The Hidden Dimension, pp. 135/136.

<sup>69</sup> see Trevisan, Interculturalidade no ambiente empresarial, p. 65.  
[www.ppgte.cefetpr.br/dissertacoes/2001/lino.pdf](http://www.ppgte.cefetpr.br/dissertacoes/2001/lino.pdf) (14.11.03)

<sup>70</sup> cf. ibid, p. 64.

<sup>71</sup> cf. ibid, p. 34.

making and can lose respect for this type of superior.<sup>72</sup> Companies are still viewed like families where superiors are seen as fathers and the subordinates are the sons who feel grateful and inferior towards their father and respect his authority.<sup>73</sup> In fact often several family members work in the same company and responsibility towards family members and friends is high.<sup>74</sup> Family matters are – and must be – given first priority, even in conflicts with business matters. This structure provides a protection for people since it is also based on personal relationships and trust. This is confirmed by Brazil's ranking in Trompenaars' findings where Brazilians prefer to lie for a friend rather than to tell the truth to the police.

Authority is attributed to the person - not like in Germany to the function - and this authority is transferable also to other aspects of life,<sup>75</sup> i.e. a diffuse attitude to authority in the sense of Trompenaars' definition. This means that a person may be handed over authority and power not because it is the technically most skilled person for that job, but because the person appears to be the most suitable one due to his or her background, education and connections. This authority is connected to the person still outside this task-relationship, the superior deserving respect and being regarded an authority even in completely other questions.

“ ... na cultura brasileira prevalece a confiança nas pessoas e nas relações que a mesma pessoa possa ter do que nas regras ou leis que tratam ... todos de maneira igual.”<sup>76</sup> Thus Brazil can be identified as a culture where personal relationships are paramount even in business life and, consequently, particularism is favoured as opposed to a universalist approach where rules would be applied for every one the same way and exceptions (due to personal relationships) would not be acceptable.

#### **4. Organizational Culture in France**

France's early and practically complete Christianisation marked by the Catholic Church has had a strong influence on France's development into a strongly centralized and hierarchic society providing the archetype of an organization that

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<sup>72</sup> cf. Oliveira, Brazil: a guide for businesspeople, p. 5.

<sup>73</sup> cf. Trevisan, Trevisan, Interculturalidade no ambiente empresarial, p. 66.

<sup>74</sup> cf. Glüsing, Im Dienste ihres Clans, Der Spiegel 50/2003, p. 158 (pp. 158 – 160).

<sup>75</sup> cf. Trevisan, Interculturalidade no ambiente empresarial, p. 67.

is directed towards one single centre (God), which can be reached through the intermediation of representatives only – that is the clergy as an important authority.<sup>77</sup>

Still today, companies in France are visibly marked by high power distance. Important traits are the tall organization pyramids and strongly centralized systems<sup>78</sup> where every decision may be checked by the highest superior.<sup>79</sup> In high power distance countries close supervision by superiors is accepted by the subordinates. When they are formally invited to join in decision-making the subordinates will often prefer a majority vote to a consensus-seeking process.<sup>80</sup> This may be due to two reasons mainly. Firstly, they are more often afraid to disagree with their superiors than their colleagues in low power distance countries and secondly they are less used to responsibility and may feel uncomfortable and not experienced enough in a role where their opinion can (suddenly) have weight. Delegation does exist, but it goes hand in hand with regular controls in form of back-checking with the superior.<sup>81</sup> As has been pointed out in this chapter under section IV. 2. this system of strong centralization is also found in the organization of the country itself, Paris being the centre of political, economic and cultural life. Further consequences of high power distance are the large proportion of supervisory personnel, large wage differentials, low qualification of lower strata and white-collar jobs being higher valued than blue collar jobs.<sup>82</sup>

This marked centralisation of power of decision-making will have strong influence on negotiation, since this structure makes it paramount to negotiate with people who actually have power to make decisions. The problem is that these are mostly managers of highest hierarchic level and these managers are normally not involved in daily, technical problems and are hence not able to discuss the technical questions that are so important to Germans.

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<sup>76</sup> see Trevisan, Trevisan, *Interculturalidade no ambiente empresarial*, p. 35.

<sup>77</sup> cf. Demangeat/Molz, *Frankreich*, in: Thomas/Kammhuber/Schroll-Machl (eds.), *Handbuch Interkulturelle Kommunikation und Kooperation*, p. 24 (pp. 40/41).

<sup>78</sup> cf. Hall/Hall, *Guide du Comportement dans les affaires internationales*, p. 226.

<sup>79</sup> see Hofstede, *Culture's Consequences*, p. 107.

<sup>80</sup> cf. *ibid.*, p. 92.

<sup>81</sup> cf. Barmeyer, *Interkulturelle Personalführung in Frankreich und Deutschland*, *Personal* 6/2003, p. 18, (p.20).

<sup>82</sup> cf. Hofstede, *Culture's Consequences*, p. 107.

Superiors are expected to apply an authoritarian style and are supposed to know everything.<sup>83</sup> Evidently this cannot mean that they are really supposed to know everything, the case may rather be, that superiors are expected to command the respect of their subordinates in every situation. For this an efficient superior is expected to possess among others enthusiasm, diplomatic skills, intuition, empathy, eloquence, charisma and authority.<sup>84</sup>

## 5. Organizational Culture in Sweden

Sweden is culturally marked by low power distance and very low sense of masculine preference. Consequences of low power distance are for example flatter organizational pyramids, smaller proportion of supervisory personnel, smaller wage differentials and high qualification of lower strata.<sup>85</sup> This can be confirmed if one looks at the actual situation in Swedish organizations.

Sweden's low uncertainty avoidance results in higher flexibility and more innovation.<sup>86</sup> This is due to the fact that there is little fear of the unknown and therefore little hesitation to change present circumstances. Low uncertainty avoidance also accounts for the delegation of responsibilities to the subordinates which is expected and given.<sup>87</sup>

Decisions are decentralized<sup>88</sup> and Swedish organizations are known to be flat and non-hierarchical where equality, informal, cooperative relations between superiors and subordinates are found.<sup>89</sup> For a lot of nations it is surprising, if not shocking, to see that superiors let themselves be called by their first names by everyone without exception, also by blue-collar workers. In Sweden there is a strong tendency to let everybody feel equal which can also be seen in the wages that do not differ a lot between blue-collar and white-collar workers. This is however, also the reason why there actually is such a considerable "brain drain" in Sweden.

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<sup>83</sup> cf. Gesteland, *Cross-Cultural Business Behavior*, p. 198

<sup>84</sup> cf. Barmeyer, *Interkulturelle Personalführung in Frankreich und Deutschland*, Personal 6/2003, p. 18, (p.20).

<sup>85</sup> cf. Hofstede, *Culture's Consequences*, p. 107.

<sup>86</sup> cf. *ibid*, p. 148.

<sup>87</sup> cf. Macharzina/Oesterle/Wolf, *Europäische Managementstile – Eine kulturorientierte Analyse in: Berger/Sterger (eds.), Auf dem Weg zur Europäischen Unternehmensführung*, p. 137 (p. 153).

<sup>88</sup> cf. *ibid* (p. 157).

<sup>89</sup> cf. [http://www.isa.se/templates/Normal\\_2032.aspx](http://www.isa.se/templates/Normal_2032.aspx) (02.02.04).

Young, highly educated people seek careers outside Sweden, since they feel that they do not earn enough – money and recognition – in their home country.<sup>90</sup>

What is criticised on the one hand – trying to treat everyone equally – on the other hand turns into a demand. In Sweden a good leader is expected to be able to promote team integration, consensus building and co-operation. He must be able to delegate tasks to his subordinates and – by doing this - to empower them. Apart from this the leader is seen more as an equal than as a superior. He can even be questioned,<sup>91</sup> since in opposition to “diffuse” cultures, “distinct” cultures link authority to tasks and not to persons.

Swedish industry is comparatively little restricted by state regulations.<sup>92</sup> This can be explained by Sweden’s relatively low uncertainty avoidance which does not produce a need for foreseeing and controlling every eventuality.

There are no minimum wages fixed by law. These are fixed by trade unions in negotiations with employer’s organizations and little strikes.<sup>93</sup> This shows the influence of femininity as *the* cultural dimension in Sweden that leads to an enhancement of a consensus orientation. Although Sweden has a higher union trade membership (between 80 – 90 %) than France (between 8 – 10 %)<sup>94</sup> there are much more strikes in France than in Sweden. This consensus orientation is also found in politics.<sup>95</sup> Women in Sweden have more influence both in business and politics in comparison to most other countries. Although there is not a complete equality in pay and job opportunities much more women are found in influence positions than in other countries.<sup>96</sup>

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<sup>90</sup> cf. interview with Mr. Domansky, student with working and study experiences in Sweden, on 14.01.04, subject: Swedish working and communication style. See Appendix 4.

<sup>91</sup> cf. Romani, Management style in Sweden: teamwork and empowerment, under [www.sweden.se/templates/PrinterFriendlyFactSheet.asp?id=6934](http://www.sweden.se/templates/PrinterFriendlyFactSheet.asp?id=6934) (04.02.04).

<sup>92</sup> Price Waterhouse, Doing business in Sweden, p. 16.

<sup>93</sup> cf. [www.isa.se/upload/english/PDF/Working%20in%20Sweden3.pdf](http://www.isa.se/upload/english/PDF/Working%20in%20Sweden3.pdf) (02.02.04), see also Appendix 5.

<sup>94</sup> cf. Appendix 6.

<sup>95</sup> cf. Kurpjoweit, Gleichstellung in Schweden, p. 32.

<sup>96</sup> cf. <http://devdata.worldbank.org/genderstats/wdevelopment.pdf> (20.02.04).

## V. Comparison of Negotiation Styles

Negotiations can be divided into various steps – a minimum of three - of which one is the pre-negotiation phase, the second is the main negotiation phase and the last one the phase of implementation of the agreement. This section examines the different use of the pre-negotiation phase, then investigates the specific negotiation styles in the four countries and finally lays down the meaning of the term contract for various cultures, since signing a common contract is often considered the final stage of a negotiation.

### 1. Preparing for Negotiations Efficiently

This phase is especially interesting since it shows that cultures apply strikingly different methods to prepare for a negotiation.

The pre-negotiation phase is the phase when the decision is made whether there is anything to negotiate about at all. Questions like who is going to negotiate with whom, when, where and about which issues are decided upon. These are essential questions, since all these questions make a difference. The question where negotiations are to take place put one party in a clear “pole-position”. This party does suffer less pressure due to time limits and expenditure. The party that has dislocated itself is submitted to a higher time pressure if it has return flight tickets with a fixed date and other projects awaiting it at home for example.

The difference in the main goals that individualistic and collectivistic cultures see in the preparation phase is noteworthy. In cross-cultural negotiations this phase should be carefully used to prepare for the cultural differences.<sup>97</sup> In general however, individualistic cultures on the one hand seek to collect facts and figures in order to have as much information as possible and as many rational arguments as possible. Collective cultures on the other hand seek to get to know their negotiation partners personally better and not just as representatives of a company.<sup>98</sup> They do not immediately want to start with the business facts, but want to know who they are going to deal with, what his interests and attitudes are

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<sup>97</sup> cf. Deresky, *International Management*, p. 184.

<sup>98</sup> cf. Kammhuber, *Interkulturelle Verhandlungsführung*, in: Thomas/Kinast/Schroll-Machl (eds.), *Handbuch Interkulturelle Kommunikation und Kooperation*, p. 287 (p. 293).

etc. This is also a way to prevent loss of face in later stages, since they already have an idea of the opportunities and limits the business partner is able and bound to offer them.

In short, the pre-negotiation phase can be used in different ways in order to prepare efficiently for the negotiation to come. The actual negotiations styles are explained in the following.

## **2. Negotiations in Germany – Marked by Structure and Logic**

Germans tend to approach their tasks in a very methodical way, checking possibilities, going through pre-defined project phases without skipping any of them and thoroughly preparing for the final solution or application.<sup>99</sup> This earns them a reputation of being well prepared for negotiations and going deep into details.<sup>100</sup> On the other hand JPB, a German-French consulting company has experienced that French do often complain that Germans react too slowly to crises and therefore find Germans inefficient in cases of sudden changes of conditions or plans.<sup>101</sup> This preference for very careful preparation and working method as well as for detailed contracts can be due to their monochronic approach which makes them deal only with one thing at the time, but which allows to spend a lot of attention on one subject. It may be also the reason why Germans are viewed as being risk-averse as well as marked by persistence with often little flexibility.<sup>102</sup>

The monochronic imprint additionally leads to Germans paying a lot of attention to time schedules and punctuality.<sup>103</sup> For the French it may seem like an obsession to adhere to pre-fixed agendas; for Germans the agenda represents a structure that helps them work efficiently without getting lost in time-consuming discussions about irrelevant aspects. This need for structure is an important trait in German negotiations that also has been noticed by American negotiators.<sup>104</sup>

Also communication in Germany is very clear. As told in section B. III. 1. b) Germany is a low-context culture, i.e. statements are very direct which can at

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<sup>99</sup> cf. Pateau, *Une étrange alchimie*, pp. 61/62.

<sup>100</sup> cf. Gesteland, *Cross-Cultural Business Behavior*, p. 213.

<sup>101</sup> cf. Breuer/de Bartha, *Deutsch-Französische Geschäftsbeziehungen erfolgreich managen*, p. 94.

<sup>102</sup> cf. Smyser, *How Germans negotiate*, p. 141.

<sup>103</sup> cf. Hall/Hall, *Guide du Comportement dans les affaires internationales*, p. 70.

<sup>104</sup> cf. Smyser, *How Germans negotiate*, p. 188.

times be very shocking for other cultures which are used to an indirect communication style. Keeping in mind that Germans do not use to show a lot of emotions in business Germans can make the impression of being aloof, unfriendly even aggressive. Germans criticise openly, do not fear conflicts and fight for their opinion assuming that this is the best for the tasks to be completed with best results<sup>105</sup>. They do not consider criticism to be a personal affront and are often not aware that other cultures – the ones with diffuse attitudes – do not separate as strictly between person and task.

It must be pointed out that German business people put a lot of emphasis on logic which must be taken into account when preparing for presentations or negotiations in general.<sup>106</sup> Therefore exaggerations and emotions are not advisable in encounters with German negotiators while in France exaggeration as well as visionary emotions are deemed appropriate. In Germany “A negotiator who shows emotion loses respect.”<sup>107</sup> This is certainly not true for all emotions, but at least for very visible emotions like strong joy or anger. Germans will hide emotions and keep personal relationships separate from business life, assuming that personal involvement could negatively influence working results.<sup>108</sup> A popular German saying goes that one must divide professional from private life – an attitude that is opposite from Brazilian view on these things as will be shown in the following. Therefore arguments should be based on logical terms. Whereas this has a great chance to convince Germans, arguments based on friendship have consequently less influence than in other cultures.

Although German negotiators are comparatively formal, they are also open-minded, many managers having been trained in the USA or Great Britain.<sup>109</sup> Due to this conversing in English is often no problem for them. A further advantage is that Germans are very reliable since they know that plans depend on everyone following them and therefore taking over responsibility for their tasks.

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<sup>105</sup> cf. Schroll-Machl, Deutschland, in: Thomas/Kammhuber/Schroll-Machl (eds.), *Handbuch Interkulturelle Kommunikation und Kooperation*, p. 72 (p. 82).

<sup>106</sup> cf. Hall/Hall, *Guide du Comportement dans les affaires internationales*, p. 110.

<sup>107</sup> see Smyser, *How Germans negotiate*, p. 188.

<sup>108</sup> cf. Trevisan, *Interculturalidade no ambiente empresarial*, p. 49.

<sup>109</sup> cf. Smyser, *How Germans negotiate*, pp. 149/150.

### 3. Negotiations in Brazil – Involvement of Family in Business

Brazil is a country where relationships are paramount, which is typical for a particularist country.<sup>110</sup> This is also supported by Brazil's medium rating on masculinity/femininity. It can be interpreted that material values like expensive clothes, cars or homes are equally important to Brazilians as immaterial values like friendship and family ties.<sup>111</sup> So in negotiations it is important to use both demonstrations of status and power, but also to show personal involvement and interest in a good relationship. This in turn means that relationship building before getting to business is important. A German negotiator will find that he or she will have to invest an unusual amount of time before eventually discussing business.<sup>112</sup> The time invested in relationship-building is not wasted though. Brazilians score high on long-term orientation,<sup>113</sup> i.e. what is invested in a given moment will bring fruits on a later stage. "Trust is the key to doing business in Brazil."<sup>114</sup> As will later be seen the same is valid when conducting business in France. At least in Brazil the reason may be found in the less reliable legal system.<sup>115</sup> In this respect it must also be noted that Brazilians consider to be dealing with a specific person rather than with a specific company. It is therefore not advisable to exchange the negotiating person by a different one at later stages or for further contacts.<sup>116</sup> One exception certainly is when the relationship with the formerly negotiating person was bad.

With regard to time sensibility one may prepare oneself for a less strict observation of time schedules, Brazil being a polychronic culture.<sup>117</sup> Sao Paulo, however, is notably different in this aspect. For the commercial capital of Brazil orientates itself more towards their Northern American neighbours. A higher individualism is a distinct sign of this orientation.<sup>118</sup> Among other factors time schedules are more strictly respected and therefore business partners do not need

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<sup>110</sup> cf. Trompenaars/Hampden-Turner, *Riding the Waves of Culture*, p. 35.

<sup>111</sup> cf. Oliveira, *Brazil: a guide for businesspeople*, p. 8.

<sup>112</sup> cf. Gesteland, *Cross-Cultural Business Behavior*, p. 181.

<sup>113</sup> cf. Hofstede, *Culture's Consequences*, p. 356.

<sup>114</sup> see Oliveira, *Brazil: a guide for businesspeople*, p. 45.

<sup>115</sup> cf. Corruption Index 2003 from Transparency International where Brazil only scores 4 from 10 points, 10 points indicating "no corruption" under:

[www.globalcorruptionreport.org/download/gcr2003/24\\_Data\\_and\\_research.pdf](http://www.globalcorruptionreport.org/download/gcr2003/24_Data_and_research.pdf) (16.02.04), p. 3.

<sup>116</sup> cf. Oliveira, *Brazil: a guide for businesspeople*, p. 25.

<sup>117</sup> cf. Hall/Hall, *Guide du comportement dans les affaires internationales*, p. 43.

<sup>118</sup> cf. <http://victorian.fortunecity.com/statue/44/Brasileportugualatequeponto.html> (22.03.04).

to be prepared for unpunctuality the same way they can experience it in other parts of Brazil.<sup>119</sup> Nevertheless, it must be taken into account that a lot of time is spent with socializing and that frequent interruptions must be expected.

Status is an important asset in Brazil. For instance, it can be linked to one's background. Career opportunities are highly dependant on family background and education, even more than on personal achievement.<sup>120</sup> Dressing is a sign of both respect and status<sup>121</sup> and should therefore be considered wisely when preparing for a meeting. Foreign negotiators must not underestimate the importance of displaying status by elegant dressing and good manners. Good manners in this case do not include not interrupting others – in Brazil this is not regarded as rude and therefore periods of silence are very rare.<sup>122</sup>

Furthermore, Brazilians use an indirect language, like many Asian cultures, but unlike Asians the Brazilian culture is a high-contact culture where people stand close to each other when talking.<sup>123</sup> Since much emphasis is laid on the personal relationship – which is supported by the careful indirect language - direct confrontation is disliked.<sup>124</sup> This can be due to Brazil's relatively high scores on femininity, since it is a rather feminine attitude to seek for consensus. A further reason for this is that colleagues are often relatives or close friends and decisions that could interfere with their interests are bound to be avoided. This is different for France, where trust is also paramount, but where friendship is not easily offered and where people do not tend to work in the same company as their family or friends. Nevertheless or perhaps due to that, Brazilian negotiators are viewed as "tough negotiators" who are fast in giving direct rejections.<sup>125</sup> Here one could think about involving a mediator who could help find solutions that respect all interests. Brazilian negotiators may also irritate by their frequent use of "no", using it in average 40 times in 30 minutes (for example in comparison to Americans who use it only 4.7 times in 30 minutes).<sup>126</sup>

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<sup>119</sup> cf. Gesteland, *Cross-Cultural Business Behavior*, pp. 181/182.

<sup>120</sup> cf. Oliveira, *Brazil: a guide for businesspeople*, p. 21.

<sup>121</sup> cf. *ibid*, p. 75.

<sup>122</sup> cf. *ibid*, p. 38.

<sup>123</sup> cf. Gesteland, *Cross-Cultural Business Behavior*, p. 182.

<sup>124</sup> cf. *ibid*, p. 182.

<sup>125</sup> cf. *ibid*, p. 184.

<sup>126</sup> cf. Deresky, *International Management*, p. 187.

Since power is concentrated at the top level of an organization it is important to know the decision maker of the Brazilian negotiation party well in order to build up a favourable relationship that can influence the decision.<sup>127</sup>

As business depends largely on trust and a good relationship in Brazil it is regularly recommended to use intermediaries to establish first contacts.<sup>128</sup> Possible intermediaries are local lawyers, local business consultants, the Chamber of Commerce or common business connections.

#### **4. Negotiations in France – Disturbed by French Thrive for Genius**

With a score of 71 points France scores higher on Hofstede's individualism index than Germany. This is also the point where French most differs from Brazilian culture. French are regularly characterized as constantly thriving to point out their originality, genius and creativity.<sup>129</sup> Looking for regular challenges to demonstrate their genius French can seem very irrational to German who prefer to think in a more factual way about things. This urge to stick out among others can also be found in historical persons. One of the most famous French, Louis XIV, is supposed to have said: "L'Etat c'est moi!". At the same time this is a historical proof of centralisation of power in France.

French do often make the impression that they do not fear conflict, arguing and debating.<sup>130</sup> It is their easy way of showing emotions that causes this impression. Often this distinct demonstration of emotions is interpreted by other cultures as aggressiveness.<sup>131</sup>

Although France as well as Brazil score higher in uncertainty avoidance than Germany this does not lead to a stronger adherence to structure in the form of an agenda for meetings. This can be explained by the fact that France is also a polychronic culture and therefore tasks are not tackled one after the other, but several issues can be referred to at the same time. This means that interruptions like phone calls or topics digressing from the main task are accepted. The risk or

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<sup>127</sup> cf. Oliveira, Brazil: a guide for businesspeople, p. 19.

<sup>128</sup> cf. *ibid*, p. 48.

<sup>129</sup> cf. Pateau, Une étrange alchimie, p. 64.

<sup>130</sup> cf. Deresky, International Management, p. 193.

<sup>131</sup> cf. Hall/Hall, Guide du comportement dans les affaires internationales, p. 216.

disadvantage from a German point of view is that this leads to them paying little attention to details.<sup>132</sup> This style can be described as a more spontaneous and unprescribed way of working without adhering to a pre-defined plan. The advantage lies in the creativity this method allows; disadvantageous is that it is a never-ending process that takes much time if no one stops it and risks producing less concrete results.<sup>133</sup> Moreover, for members of monochronic cultures this attitude is very irritating, since it does not show any inherent structure and seems to produce a considerable loss of time if already discussed issues are raised for a repeated time.

French manager are born and bred in a culture of distrust.<sup>134</sup> This can be explained taking the influence of particularism into account, since in French society rules are constantly broken and exceptions are made when they seem convenient. In 1995 French Prime Minister J. Chirac provoked a lot of protests from all over the world when he ordered – in opposition to the express warranty of his predecessor in office – nuclear testing in the South Pacific, namely in the Mururoa atoll.

While this leads to a general distrust in negotiation and cooperation, particularism leads to the mentioned exceptions from rules and agreements which earns French manager the reputation of being unreliable.<sup>135</sup> Taking this atmosphere of distrust into account one starts to understand that relationships are very important for French in business life and that cooperation is often only possible if the other party is considered a friend.<sup>136</sup> Due to the last two arguments long business lunches are an essential part of negotiations in France. Firstly, the polychronic attitude makes French less sensitive about a possible “waste of time” and secondly, the diffuse approach to business as well as the general mistrust makes relationship building necessary to be able to cooperate. Moreover, since France is a high-context culture it is important to get to know business partners, in order to understand their motives, gather information and provide information in an indirect way without risking provocation or loss of face. French business people can be irritated by German practice of explaining and explicitly stressing every

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<sup>132</sup> cf. Pateau, *Une étrange alchimie*, p. 67.

<sup>133</sup> cf. *ibid*, p. 62.

<sup>134</sup> cf. Breuer/de Bartha, *Deutsch-Französische Geschäftsbeziehungen erfolgreich managen*, p. 129.

<sup>135</sup> cf. *ibid*, p. 201.

<sup>136</sup> cf. Breuer/de Bartha, *Deutsch-Französische Geschäftsbeziehungen erfolgreich managen*, p. 143.

detail. For them this is not necessary, since they are used to communication with reference to context. This is easy for them as they are used to manifold, often informal, exchanges of information which is supported by their people oriented working method. In addition, high-context communication is not only a way to prevent unwanted confrontation, but also a challenge to French intellect.

A frequent problem due to centralisation of power at top level is to find a negotiation partner who knows about the concrete subject and who is additionally empowered to make decisions.<sup>137</sup> Very often high level managers are sent to meetings for status reasons, but these are not the ones who actually deal with the technical side of the question and therefore they cannot answer technical questions. The other possibility is that a technical expert attends a negotiation, but he is not authorised to make any decisions on his own.

As to proxemics more touching and smaller personal space between people can be observed in France as can be in Germany.<sup>138</sup> So when French come closer to their negotiation partner this is neither intended as an intimidation nor as an intrusion into their personal space. Should Germans automatically step back in French will feel rejected and insulted as they do not feel to be standing too close to each other.

## **5. Negotiations in Sweden – Consensus as Highest Value**

While Swedish negotiators are perceived as being informal and very polite, they differ from the Brazilians and French in so far as although they are open-minded and friendly, they do not normally show a lot of emotions. Like the Germans Swedish negotiators tend to be punctual, direct, eager to be productive and efficient, but very private<sup>139</sup>

Since Sweden scores very low on power distance Swedes are very informal and put very little emphasis on status symbols. Formalities and indirect communication is considered much too complicated and a waste of time.

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<sup>137</sup> cf. Pateau, *Une étrange alchimie*, p. 84.

<sup>138</sup> cf. Hall/Hall, *Guide du Comportement dans les affaires internationales*, p. 211.

<sup>139</sup> cf. Deresky, *International Management*, p. 186/187.

Like Germany Sweden is a monochronic culture.<sup>140</sup> While Swedes are very casual in protocol questions, the monochronic factor leads them to put a lot of stress on punctuality and respect for established agendas. This lucid emphasis on strict punctuality can be striking even for Germans.<sup>141</sup>

From a French point of view Swedes are described as very detailed-oriented and lacking emotionality.<sup>142</sup> Both are traits that are frequently used to describe German negotiators. As stated in section B. III 1 a), the first feature can be explained by monochronic cultures paying more attention to the single tasks, which leads to being more able to get deep into details. The second trait results from Sweden having a “distinct” attitude in the sense of Trompenaars. Emotions are not mixed with business and friendship does not have to be a part of deal making. A difference between Germans and Swedes is that while relationship building is not too important in both cultures, in Germany there is at least small talk. Germans tend to be surprised that small talk as a sign of friendliness or politeness has so little importance in Sweden.<sup>143</sup>

Sweden seems to be most influenced by the cultural dimension of very low masculinity, i.e. high femininity influence. This femininity influence results in a strong preference for consensus instead of conflict. Swedish aversion to conflict and permanent seek for compromise and consensus rather than for lively discussions – as the French and Germans prefer – has both positive and negative influences on negotiations. On the one hand, for a culture like France this attitude may seem like a strategy of avoidance of important issues and therefore highly frustrating. On the other hand this same attitude is detected to be very practical since it mostly produces a solution.<sup>144</sup>

It must be the intrinsic aversion for conflict and seek for consensus as well as the little power distance that produced the typical Swedish attitude to decision-making. As stated in B. IV. 5. decision-making is decentralized. Moreover, the whole team is invited to participate in decision-making and is also invited to

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<sup>140</sup> cf. Hall/Hall, *Guide du Comportement dans les affaires internationales*, p. 43.

<sup>141</sup> cf. interview with Mr. Domansky, student with working and study experiences in Sweden, on 14.01.04, subject: Swedish working and communication style.

<sup>142</sup> cf. [www.icmassociates.com/html2/article/franco.pdf](http://www.icmassociates.com/html2/article/franco.pdf) (02.02.04).

<sup>143</sup> cf. *ibid*, confirmed also by Mr. Domansky.

<sup>144</sup> cf. [www.icmassociates.com/html2/article/franco.pdf](http://www.icmassociates.com/html2/article/franco.pdf) (02.02.04).

constructive criticism.<sup>145</sup> So, while Swedish negotiators are mostly entitled to make decisions, they often prefer to seek approval of their team. This can then produce a lengthy decision making process which is difficult to understand for their negotiation partners if these know that their Swedish negotiation partner theoretically is empowered to make decisions on his/her own.

## **6. Finishing Negotiations: The Meaning of Contract in Different Cultures**

For German negotiators the aim of a negotiation meeting is to conclude a binding contract. In Germany parties expect a contract to be a written agreement where obligations and rights are fixed, i.e. a final result of negotiations that therefore must be followed.

A frequent problem in international business, however, is that one party suddenly stops respecting a negotiated contract.<sup>146</sup> This happens especially when the circumstances e.g. economic conditions have changed in a way that makes one party feel a need for adaptation of the contract terms. Such a need may obviously occur to all parties and also in intra-cultural partnerships. The difference to inter-cultural partnerships lies in the attitude that different cultures tend to have as to the meaning of a contract and the implicit possibility to change an agreement. Universalist cultures tend to see a contract as a binding agreement that stands at the end of a negotiation. Usually contracts are much more detailed and specific in comparison to contracts in particularist societies.<sup>147</sup> In more particularist societies like France and Brazil a contract is often not regarded as a *fixum*. Based on the importance of the relationship a contract may be amended when necessary.

Moreover in strongly particularist cultures like Japan contracts are often regarded to have been concluded with a specific person, not a specific company<sup>148</sup> and when this person leaves the company a contract can be regarded as having been cancelled.

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<sup>145</sup> cf. [www.icmassociates.com/html2/article/doing.pdf](http://www.icmassociates.com/html2/article/doing.pdf) (04.04.04), confirmed by Mr. Domansky.

<sup>146</sup> cf. Salacuse, *International erfolgreich verhandeln*, p. 155.

<sup>147</sup> cf. Trompenaars//Hampden-Turner, *Riding the Waves of Culture*, p. 39.

<sup>148</sup> cf. Hofstede, *Lokales Denken, globales Handeln*, p. 91.

Thus, even when a contract has been concluded it does not mean that difficulties are over.

## **VI. A Critical Examination of the Harvard Concept**

The Harvard Concept is a negotiation concept, which has been developed at the Harvard Law School and was first published in 1981 in America under the title “Getting to Yes”. The book has been translated in many languages and has received a lot of benevolent attention. It is a concept that is supposed to present a guideline for all types of negotiations from negotiations between neighbours, business people or for political issues.<sup>149</sup> Since the Harvard concept claims to be a universal negotiation concept it is questionable whether it offers a solution for cross-cultural negotiations. Moreover, it is also one of the foundations for mediation.<sup>150</sup> It will therefore be examined as to its value in cross-cultural negotiations, first, without taking the possibility of mediation into account.

The Harvard Concept is based on four main principles. These principles are:

1. separate the people from the problem
2. focus on interests, not positions
3. invent options for mutual gain
4. use objective criteria<sup>151</sup>.

These four principles will be shortly explained and examined with regard to their universal applicability across cultures.

### **1. Separate the People from the Problem**

The first point suggests that emotions are to be separated from people involved in the negotiations and that an objective attitude towards the problem should prevail. The authors explain that the negotiation partner must not be seen as an enemy and they suggest developing a good relationship with the partner in order to facilitate the negotiations to follow.<sup>152</sup> For this purpose it would be helpful to bring in plenty of time for the negotiation process which can be used to get to know the

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<sup>149</sup> cf. Fisher/Ury/Patton, Das Harvard-Konzept, p. 10.

<sup>150</sup> cf. Risse, Wirtschaftsmediation, §2, recital 34.

<sup>151</sup> cf. Fisher/Ury/Patton, Das Harvard-Konzept, p. 31.

<sup>152</sup> cf. *ibid.*, p. 65.

other party.<sup>153</sup> Although it is right not to put the personal relationship at risk, in collectivistic cultures it is not possible to separate the people from the problem.<sup>154</sup> The authors of the Harvard Concept show an attitude that is very much influenced by Western culture. When they talk about separating the problem and the people in a very definite attitude and when they advise using an unmistakably clear and direct communication without mixing up emotions and facts and advise a determined working method it becomes clear that questions regarding differences between high and low context communication, monochronic or polychronic attitudes to task solving are not taken into consideration. It is also not taken into consideration that some cultures are “diffuse” in their approach to problems, i.e. they mix emotions with facts and people and problems. In the course of this paper it should have become clear, however, that to separate the problem from the people is not possible in relationship oriented societies. In these societies like Brazil and France everything is related. A problem cannot be viewed unconnected to a person. Problems are seen on a larger master plan and if a problem arises its origin must lay somewhere in the foundations of the relationship. This problem can then be traced back to problems like lack of trust in each other.

## **2. Focus on Interests, not Positions**

The second principle considers the fact that the position that someone holds in a negotiation does not show the interest or the reasons that stand behind the position. When in a joint-venture negotiation one party refuses to accept a condition that is essential for the other party it is necessary to search for the reason behind the refusal. The basic interest behind the refusal may be such that it is possible to find a solution. The suggestion to openly declare the basic interests behind the positions yet bears a risk for the party that acts according to this principle and is however not rewarded with the same openness by the other party that can misuse this information.<sup>155</sup> The situation is different when a mediator is involved. In that instance information can be disclosed in single meetings with the

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<sup>153</sup> cf. *ibid*, p. 66.

<sup>154</sup> cf. Kammhuber, *Interkulturelles Konfliktmanagement und Mediation*, in: Thomas/Kinast/Schroll-Machl (eds.), *Handbuch Interkulturelle Kommunikation und Kooperation*, p. 297 (pp. 298/299).

<sup>155</sup> cf. Risse, *Wirtschaftsmediation*, §2, recital 62.

mediator who can ensure that it is only revealed if the other party acts trustworthily.

### **3. Invent Options for Mutual Gain**

The third principle points out the importance of searching various thinkable solutions. The negotiating parties are advised to use creativity to think of other than mere win-lose solutions.<sup>156</sup> In fact, the tendency to either think of win-lose solutions or about the possibility of finding also win-win solutions is influenced by culture. In France for instance there is a high tendency to believe in the possibility of finding win-win solutions, but this belief is less strong in Germany and even weaker in Brazil.<sup>157</sup>

### **4. Use Objective Criteria**

The last principle stresses to base the agreement on objective criteria like precedents, market prices, scientific proof, fairness, tradition or reciprocity.<sup>158</sup> This principle seems rational to most Western cultures. The authors explicitly advise not to make concessions based on the aim to protect the relationship since this does not necessarily lead to sensitive solutions that satisfy all parties<sup>159</sup>. In some cultures, however, a lot of emphasis is set on the overall relationship and although business partners will try to achieve for themselves the most favourable terms, there are cultures like the Chinese where the long-term relationship is so highly valued that concessions based on the aim to nurture the relationship will be found more often. Moreover, there are no criteria which are objective for every onlooker. There are merely criteria which seem legitimate, but this does not have to be the same for every one.<sup>160</sup> The more different cultures the more different legitimate criteria will be proposed.

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<sup>156</sup> cf. *ibid*, p. 108.

<sup>157</sup> cf. Salacuse, *The Global Negotiator*, p. 15.

<sup>158</sup> cf. Fisher/Ury/Patton, *Das Harvard-Konzept*, p. 126/127.

<sup>159</sup> cf. *ibid*, p. 28/29.

<sup>160</sup> cf. Duve/Eichenmüller/Hacke, *Mediation in der Wirtschaft*, p. 58.

Altogether the Harvard Concept can be a very helpful tool in negotiations in general. Yet, in cross-cultural negotiations the four principles must be considered with more care taking cultural preferences into consideration.

## **VII. Summary**

The question posed at the beginning of this chapter was if culture had an influence on negotiations between Germany and Brazil, France and Sweden - even if these countries seemed culturally close – and if so, what the reasons were for different attitudes and behaviours.

Using nine different cultural dimensions from Hofstede, Hall and Trompenaars it was shown that also in countries like Germany, Brazil, France and Sweden negotiations are disturbed due to different cultural standards.

From the examination it can be expected that while Germans will have less misunderstandings and therefore problems in negotiations with Swedes, the French will generally find it easier to communicate with Brazilians rather than with Germans or Swedes. Still, even in these “advantageous” combinations misunderstandings and irritations can be expected. Germans will be less irritated than French or Brazilians, but still they can be irritated by Swedish strict punctuality or distinct attitude to business that regards small-talk as unnecessary. French people, on the other hand will still be surprised by the Brazilians strong polychronic time notion combined with a strong family tie which means that family or friendship matters will regularly be attended first, notably, even before business.

The examination of cultural variables like high and low context communication, masculinity/femininity, power distance or particularism/universalism and its visible influence on negotiation behaviour should have invalidated the belief of some negotiation theorists that globalisation has led to an adjustment of negotiation styles. A particular culture is deeply rooted and even if globalisation leads to a worldwide equal availability of goods and services it does not mean that it is able to quickly erase values that have long been nurtured in a society. McDonald’s may be present everywhere from the USA to Russia, but it still

carries very different meanings. In one country eating at McDonalds represents a fast and easy meal, in another it is a sign of luxury, rather than an alternative to home-cooking.

The Harvard Concept in its pure form has been shown not to offer a solution to negotiations in cross-cultural situations either. All this makes clear that there is need to think about other possible methods to improve the results of cross-cultural negotiations. The possibility that has to be examined, is, if by involving culturally skilled third persons a clash of different norms, values and communication styles can be prevented. Therefore in the next section, mediation will be examined as to its potential in cross-cultural negotiations.

## **C. Overcoming Cultural Barriers Through Mediation**

### **I. General**

As has been shown cross-cultural negotiations retain a special potential for conflicts due to diverging cultural norms and values. Mediation is a form of negotiation with guidance by the mediator.<sup>161</sup> Since it is used for negotiations that bear a high potential of conflict it is worthwhile discussing it for this special type of negotiation. Until now the topic of mediation in inter-cultural contexts has mainly been looked at in political<sup>162</sup>, social work contexts<sup>163</sup> or in the educational field as an instrument to prevent aggressions and violence between different cultural groups. Significantly, less attention is paid to the question of inter-cultural mediation in business contexts.

There may be voices that ask if there is a need to involve third parties at all if problems arise in a negotiation situation. Business professionals often feel inclined to think that they are able to solve any problem by themselves without the introduction of a third person. Experience, however, shows that for most people it is very difficult to settle a conflict or simply accommodate with very opposing ideas and goals of a negotiation partner if directly concerned. It is hard to try to understand the other party and care about the importance of the long-term relationship if one is emotionally involved. What is already a hard challenge in an intra-cultural conflict becomes even more difficult when different cultures are involved, i.e. in an inter-cultural conflict. Here it becomes nearly impossible for parties who were not specifically trained for this purpose to deal with that conflict in a productive way and to understand the other party's attitude. Especially when cultural misunderstandings are involved it becomes very hard for a party to stay calm since core values of one's own culture may be challenged by other cultural attitudes.

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<sup>161</sup> cf. Risse, *Wirtschaftsmediation*, § 2, recital 1.

<sup>162</sup> see Bercovitch, *Resolving international conflicts*.

<sup>163</sup> see Saadia/Zartman (eds.), *International Mediation in Theory and Practice*.

Nevertheless, mediation is often rejected out of fear to be regarded as weak or not competent enough if one needs to involve third parties to resolve a problem. Especially in Western cultures people seek to address the problem themselves in a very direct way. A typical sentence is “Let’s handle this like adults do”. This shows that people assume that adults should be reasonable and consequently able to solve problems by themselves. Third party intervention is more acceptable only when communication has become really difficult and the relationship is at stake.<sup>164</sup>

Yet an important reason for reflecting the possibility of using mediation in a cross-cultural business negotiation is that mediation is a special tool for facilitating *communication* in a conflict, which is the most important factor in a negotiation process and, at the same time, the most difficult to handle when different languages and different communication styles come together.

## II. Choice of Mediator

A good mediator must possess various vital qualities like flexibility and creativity. In a cross-cultural mediation the mediator must also hold additional attributes. Some of the most important qualities will be explained, followed by a presentation of some institutions that offer mediation on a world-wide scope.

### 1. Personal requirements

#### a) High Degree of Trust and Acceptance

By definition a mediator is a neutral person who supports negotiations between conflicting parties. Hence one paramount requirement is that the mediator is conceived as being neutral, i.e. absolute impartial towards all parties.<sup>165</sup> Sometimes a mediator is not completely neutral and it can be assumed that he has a political, cultural or personal inclination to one party. But as long as the mediator is trusted to handle the mediation in an unbiased way he can still be

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<sup>164</sup> cf. Augsburger, Conflict Mediation across Cultures, p. 33.

<sup>165</sup> cf. Picker, Mediation Practice Guide, p. 36.

acceptable for all parties.<sup>166</sup> If parties believe that he has no interest in a particular outcome or no advantage from supporting one particular party the parties will trust him and cooperate. Trust is vital for mediation because without it the parties will not be open to the mediator and help him to understand their real interests and find creative solutions. Trust is especially important in cross-cultural mediation where the parties trust each other even less as they often cannot grasp the meaning of specific behaviours which seem unfamiliar, illogical or unacceptable to them, or, because they conflict with their own cultural norms. Examples can be derived from different notions of time. If a “monochronic” party regularly has to wait for the “polychronic” party, the first one will believe that the second party is not very interested in a common solution, since they behave – from their point of view – so disrespectful and unreliable. Here the mediator can interfere by using the trust the party puts in him to make them develop trust in the other party.

Acceptance of the mediator by all parties is vital for the success of mediation.<sup>167</sup> Only if a mediator is fully trusted and accepted by the parties he can efficiently act in his role and bring the advantages of a mediator to the parties.

#### b) Communication Skills and Pronounced Cross-Cultural Empathy

The mediator should have a profound knowledge of each specific culture the parties come from. Only then he will be able to prevent cultural misunderstandings. It is not sufficient that the mediator is an experienced lawyer, judge or technical expert. A mediator’s role is very different from a lawyer’s or judge’s role. In contrast to a lawyer a mediator does not act in the interest of one of the parties, but equally for both. Furthermore, a mediator has the important task of being a communication facilitator and serve as a reality agent rather than the sole task of a legal expert, since mediation does not aim to find the appropriate legal handling of a case, but a practical solution that accommodates different interests. This calls for additional skills rather than mere legal education that does not pay attention to questions like relationship-building, communication processes etc. In a cross-cultural case the situation at hand is even more complex since even

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<sup>166</sup> cf. Lewicki/Litterer/Minton/Saunders, *Negotiation*, p. 358.

<sup>167</sup> cf. Duve/Eidenmüller/Hacke, *Mediation in der Wirtschaft*, p. 95.

the communication style can be different from one party to the other and must therefore be taken into account during mediation. In addition to technical communication skills and pronounced empathy the mediator must therefore be especially trained for cross-cultural cases. He must know how conflicts are dealt with in the specific cultures, what is considered “fair”, which tools are considered legitimate to solve a conflict, which type of mediation is acceptable etc.<sup>168</sup>

### c) Knowledge about Cross-Cultural Conflict Patterns

The way that the mediator gets involved in a mediation case differs between cultures, since the way that cultures conceive conflict also differs considerably. “Traditional cultures see conflict as a communal concern; the group has ownership of the conflict and context. Urbanized (Westernized) cultures, in contrast, focus on the individual issues and assume personal and private ownership.”<sup>169</sup> Therefore the mediator must take at least two important issues into account.

Firstly, the criteria that make a person eligible for this task vary. In some cultures a mediator is foremost expected to be a neutral expert in the field the conflict relates to or a neutral communication expert who does not offer solutions himself. In other cultures it is status, age or social affiliation that makes a person a suitable mediator.<sup>170</sup> Especially in cultures which place much emphasis on respect and hierarchy, like France or Brazil, the rank of the mediator must be considered. A person of low rank or at least lower rank than the disputing parties would risk not to be accepted by the parties.

Secondly, cultures differ in the expected activity of a mediator to find a solution. In some cultures a mediator is solely expected to facilitate communication, in others he is expected to suggest solutions. Three possible roles a mediator may

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<sup>168</sup> cf. Kammhuber, *Interkulturelles Konfliktmanagement und Mediation*, in: Thomas/Kinast/Schroll-Machl (eds.), *Handbuch Interkulturelle Kommunikation und Kooperation*, p. 297 (p. 304).

<sup>169</sup> see Augsburg, *Conflict Mediation across Cultures*, p. 8.

<sup>170</sup> cf. Kammhuber, *Interkulturelles Konfliktmanagement und Mediation*, in: Thomas/Kinast/Schroll-Machl (eds.), *Handbuch Interkulturelle Kommunikation und Kooperation*, p. 297 (p. 303).

choose according to the cultures present and the circumstances will be explained in chapter C. VI..

As to conflict behaviour individualistic cultures expect that problems are named and openly discussed, yet, collectivistic cultures prefer a mediation style that consists of many single sessions and only joins the parties at a late stage when a solution is already visible and this way prevent the risk of loss of face.

## 2. Institutions

There are numerous profit and non-profit organizations that offer its services in the field of business mediation. The non-profit organizations have strongly helped mediation to divulge and bring it to the attention of governments and professionals. The following enumeration is not a complete one, but it gives an idea of some of the most important institutions.

### a) International Chamber of Commerce, Paris

The International Chamber of Commerce (ICC) in Paris was founded in 1919. It is the world's largest business organization with member companies in over 140 countries and a consultative status with the UN. Its aim is to "serve world business by promoting trade and investment, open markets for goods and services, and the free flow of capital."<sup>171</sup> Specifically, this comprises advisory work, arbitration and dispute resolution, lobby work, drafting of rules and standards, trade definitions, e.g. Incoterms, and the fight of business crimes such as corruption. For this purpose it has established various institutions and organs like the Institute of World Business Law, the World Chambers Federation, the International Centre of Expertise or the International Court of Arbitration.

The ICC Court of Arbitration was established in 1923.<sup>172</sup> It offers arbitration, mini-trials, neutral evaluation or mediation.<sup>173</sup> The ICC has produced ADR Rules<sup>174</sup> that offer a legal frame for business dispute resolution. These rules were

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<sup>171</sup> cf. [http://www.iccwbo.org/home/menu\\_what\\_is\\_icc.asp](http://www.iccwbo.org/home/menu_what_is_icc.asp) (28.01.04).

<sup>172</sup> cf. [http://www.iccwbo.org/court/english/intro\\_court/introduction.asp](http://www.iccwbo.org/court/english/intro_court/introduction.asp) (28.01.04).

<sup>173</sup> cf. [http://www.iccwbo.org/index\\_adr.asp](http://www.iccwbo.org/index_adr.asp) (28.01.04).

<sup>174</sup> cf. <http://www.iccwbo.org/drs/english/adr/rules/rules.asp> (28.01.04)

last issued in July 2001. The ICC ADR Rules state in the preamble that if the parties do not agree on the settlement technique, mediation will be used.

As to the choice of mediator there are four possibilities stated in Article 3: by joint designation of the parties, by agreement of the parties on the qualifications of the mediator and subsequent appointment by ICC, by simple appointment of ICC and in case that the mediator chosen by the parties does not accept the task, ICC will also appoint a mediator. In an appendix to the rules the fees are laid down<sup>175</sup>. A non-refundable registration fee of US-\$ 1,500 plus administrative expenses of a maximum of US-\$ 10,000 must be paid to ICC. Moreover an hourly rate is due for the mediator. This rate will be fixed by ICC in consultation with the mediator and the parties as well as further “reasonable” expenses of the mediator.

b) Centre for Effective Dispute Resolution, London

The Centre for Effective Dispute Resolution, CEDR, is a London-based, non-profit organisation which was established in 1990. Its objective is to support the application of ADR in commercial and public-sector disputes and civil litigation.<sup>176</sup> Through CEDR Solve they offer dispute resolution services such as advice and assistance in the choice of the appropriate ADR technique, obtaining the consent of the other party for an ADR process, suggestion of a neutral, organisational assistance, quality control in respect of the neutral and trainings.<sup>177</sup>

CEDR has drafted a code of conduct for mediators, which stresses important personal features like impartiality, confidentiality, commitment and availability, withdrawal options and obligations.<sup>178</sup> Moreover CEDR offers a variety of model documents such as model ADR contracts clauses with an emphasis on mediation, model mediation procedure and agreement.<sup>179</sup> If a party wishes to submit a case to mediation it has to contact a dispute resolution adviser or alternatively an online referral<sup>180</sup> can be made and an adviser will contact the party thereafter.

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<sup>175</sup> see ADR Rules, p. 13.

<sup>176</sup> cf. <http://www.cedr.co.uk/index.php?location=/about/default.htm> (29.1.04).

<sup>177</sup> cf. <http://www.cedrsolve.com/index.php?location=/services/default.htm> (29.1.04).

<sup>178</sup> see [http://www.cedr.co.uk/library/documents/code\\_of\\_conduct.pdf](http://www.cedr.co.uk/library/documents/code_of_conduct.pdf) (29.1.04).

<sup>179</sup> cf. <http://www.cedr.co.uk/index.php?location=/library/documents/default.htm> (29.1.04).

<sup>180</sup> see [https://www.secure-website.com/cedrsolve/refer\\_mediation.htm](https://www.secure-website.com/cedrsolve/refer_mediation.htm) (29.1.04).

CEDR has a large pool of professional mediators which can be approached for all type of commercial disputes. As to the costs there are three different packages offered: a comprehensive pricing, a flexible pricing and a time-limited mediation package.<sup>181</sup> These packages vary as to their content and prices.

c) CPR Institute for Dispute Resolution, New York<sup>182</sup>

The CPR Institute for Dispute Resolution which was founded in 1979 is a non-profit association of 500 corporations and law firms whose objective it is to promote and provide ADR on an international scope. CPR also offers ADR training sessions for its members.

In order to promote dispute resolution CPR is engaged in academic cooperation project with law schools, researchers and students. Under this scope it also offers internships for law students.<sup>183</sup>

Like the aforementioned organisations CPR proposes a variety of Model Dispute Resolution Clauses and Model Procedure Clauses. A special service is that these clauses are available in various languages, notably also in German.<sup>184</sup> CPR offers assistance for the search of an appropriate mediator and in case that the parties have not agreed upon one CPR will suggest a choice of mediators from their panel of distinguished mediators. In international conflicts CPR suggests to find a mediator that does not come from either of the countries.<sup>185</sup>

A fee of at least US-\$ 500 is payable to CPR. Further fees are payable to the mediator and depending on the involvement of CPR additional fees for CPR's assistance will be due.<sup>186</sup>

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<sup>181</sup> cf. [http://www.cedrsolve.com/index.php?location=/services/mediation/cost\\_struct/default.htm](http://www.cedrsolve.com/index.php?location=/services/mediation/cost_struct/default.htm) (29.1.04).

<sup>182</sup> formerly named Centre for Public Resources, cf. <http://www.cpradr.org/> (30.1.04).

<sup>183</sup> cf. [www.cpradr.org/pdfs/publicpolicyreport\\_Academic2004.pdf](http://www.cpradr.org/pdfs/publicpolicyreport_Academic2004.pdf) (30.1.04).

<sup>184</sup> cf. [www.cpradr.org/Euomenu.htm](http://www.cpradr.org/Euomenu.htm) (30.1.04).

<sup>185</sup> cf. Mediation Procedure Clauses: <http://www.cpradr.org/Euro-German-Procedures.htm> (30.1.04), Art. 2 (in German).

<sup>186</sup> cf. [http://www.cpradr.org/panmgmt\\_fees.htm](http://www.cpradr.org/panmgmt_fees.htm) (30.1.04).

d) Dispute Resolution Board Foundation, Seattle

The Dispute Resolution Board Foundation is a non-profit organization founded in 1996 in order to promote the use of Dispute Review Boards (DRBs). The first DRBs were founded in 1975.<sup>187</sup> These boards are organizations that support all types of construction industry projects in order to avoid related disputes. It is an example of a specific business field that applies mediation in (cross-cultural) business encounters. If previewed in the contract three reviewers are appointed to accompany the construction project before construction starts. These reviewers must all three be approved by both parties (normally owner and contractor) and then select a chair person who has to be approved as well. The DRB gets contract documents, is kept informed about the project and its progress and regularly visits the site. Should a conflict arise between the parties the DRB is in a position to offer expert dispute resolution which can take the shape of a non-binding recommendation. This recommendation is agreed to be admissible as evidence in case of later arbitration or litigation.<sup>188</sup> For instance, DRBs have been involved in the construction of the Hong Kong Airport.<sup>189</sup>

The advantage of this procedure is that the neutrals were designated by the parties before a conflict arose and therefore have the confidence of the conflicting parties. Moreover, since they are technical experts that have followed the project and therefore have first-hand knowledge their advice will be accepted by the parties. In addition, having first-hand observations of the project they can easily act as reality agents and help the parties see the problem from the other party's perspective and prevent them from a quick decision for litigation. Last, but not least all this happens in real time and hence produces no or little delay of the construction project.

Since this procedure has proven successful it is now required by the World Bank for financing any construction project having a cost of more than \$ 50 million.

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<sup>187</sup> cf. <http://www.sdcassociates.com/drb.htm>. (30.01.04)

<sup>188</sup> see <http://www.drb.org/concept.htm> (05.02.04).

<sup>189</sup> cf. <http://www.sdcassociates.com/drb.htm>. (30.01.04)

### **III. Critical Aspects in Cross-Cultural Mediation**

In a cross-cultural mediation the mediator has to face different additional challenges which do not exist the same way in intra-cultural mediation. Some issues that can be considered of special importance will be examined. Three main factors will be dealt with: the importance of structuring the mediation process, the neutrality of the mediator and the question of choice of language. Mediation is a much more complex tool, but for the purpose of this thesis other factors, which are also essential - like the place where the mediation is to take place – will not be discussed, since they are not of increased importance in comparison of cross-cultural mediation to intra-cultural mediation.

#### **1. Structuring the Mediation Process**

Mediation is structured into distinct phases. The stages usually involve establishing rules, agreeing that mediation should take place, definitions of positions and interests, brain storming and a written agreement.<sup>190</sup> This typical model however can be more difficult to adhere to for some culture than for others since this model is of a monochronic attitude where one task has to be concluded before the next starts. For polychronic cultures - like France and Brazil - this approach is less evident.<sup>191</sup> Structure is however one of the main potentials of mediation. If these cultures repeatedly follow their impulse to tackle various issues at the same time this can be irritating - both for the other parties and the mediator - and it can be a risk for the success of mediation. A possible solution may be to give the parties enough breaks to write down spontaneous ideas in order to introduce these at the appropriate stage and thus make clear that the distinct phases are to be respected. Moreover, the mediator as a communication expert will know techniques to prevent frequent interruptions and to integrate these into the mediation process in a productive way.

Translation process must be structured and defined as to the choice of language and it must be monitored so that the parties respect the rules agreed upon. Thus the structure will additionally help to maintain power balance between the parties.

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<sup>190</sup> cf. Picker, *Mediation Practice Guide*, p. 26.

<sup>191</sup> cf. Knapp/Novak, *Die Bedeutung der Kultur in der Mediation*, ZKM 2002, p. 4 (p. 7).

The last stage of mediation is generally the written agreement. It must though be pointed out that in some cultures a written agreement is not necessarily more valuable than a spoken promise<sup>192</sup> and can even be regarded as a refusal to trust the other party's assurance. This is not the case in the cultures examined in this work, but if one encounters such a culture one should consider to refrain from a written agreement.

In sum, a clear structure is important because it helps to give all parties the same opportunity to speak and it forces them to listen to the other party or the translator without interruption.

## **2. Neutrality of the mediator**

Neutrality is one of the main assets of a mediator. In cross-cultural mediation it is as important as it is in intra-cultural mediation, but the risk of a mediator being accused of impartiality is higher in inter-cultural mediation. Aspects like communication difficulties due to language problems or unstructured translation will lead one party to feel that the mediator favours the other party. Also there will often be one party that the mediator finds easier to understand especially if he belongs to the same culture. Neutrality is evidently equally important in cross-cultural mediation and in intra-cultural mediation. What differs is the trigger that makes this issue come up.

While a mediator must be neutral insofar as he must not favour one party or a specific solution he must still be able to influence the parties and be accepted by the parties since helping them to find a solution is why he is invited to interfere in the conflict. The parties expect him to help them find a solution to their problem and the mediator can only succeed if he is able to influence the parties to make them listen to each other, think about each other's suggestions and then accept them. It is important here that the parties feel that they are treated with fairness and in an equal way. The choice of language will also influence the perceived neutrality of the mediator. This will be explained in the following.

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<sup>192</sup> cf. Knapp/Novak, Die Bedeutung der Kultur in der Mediation, ZKM 2002, p. 4 (p. 7).

### 3. Choice of language

Very often when a cross-cultural mediation takes place the parties will come from countries with different mother tongues. In these instances the choice of language becomes a touchy issue. Communication is the main activity in mediation and therefore a party that cannot communicate is cut short of power. Moreover, the party experiencing communication problems may not feel being treated equally. If the mediator has more access to one party and vice versa, because they share a language the mediator will lose its neutrality from the point of view of the party that cannot easily communicate with the mediator.<sup>193</sup> The choice of language can produce a power imbalance if one party gets less opportunity to get involved and state its point of view. This risk must be foreseen and prevented by setting up clear translation and communication rules.

There are several possibilities which language to select for communication purposes. Firstly, there is the possibility of everyone speaking its own language. In that case translators will be necessary and it will be necessary to establish a clear process regarding the question when translation takes place, e.g. after a person has finished or after every sentence and if someone interrupts, because he or she understands the language it is questionable if the translator will translate the interruption and thus “empower” the interruption or if the translator will simply ignore it. The method of translating only when someone has finished their statement, hereby not allowing direct answers before translation is finished and everyone has had a chance to listen, leads to the result that the translation becomes a moment of down-cooling<sup>194</sup> and thus prevents some immediate “biting and fighting”.

Secondly, it can be decided to use one language that everyone masters. When agreeing upon that only one language should be used it is important to keep in mind that even if someone has excellent language skills in a foreign language one will never come up to the perfection that one can attain in one’s own mother tongue. There are idiomatic expressions and twists in a language that can only be really understood by someone speaking it as a mother tongue. Therefore it becomes vital to slow down communication for the mediation process, to use

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<sup>193</sup> cf. Liebe/Gilbert, *Interkulturelle Mediation – eine schwierige Vermittlung*, p. 45.

<sup>194</sup> cf. *ibid.*, p. 44.

simple expressions, to summarize and to regularly check if the message was understood.<sup>195</sup> Special care is to be applied in the choice of the common language. If one party masters that language much better than the other one, as mentioned earlier, the problem of power imbalance will arise.

A third possibility is the mediation by several mediators with one for each language. In that case the mediators can directly exchange information with each other if they master the language of the other party as well or use translators again. The advantage of this is that every party has the same possibility to directly communicate with a mediator without having to worry if the translation is accurate. In such an instance the risk is that mediators will be perceived as being inclined and biased to their side of language.

Another possibility is that everyone speaks the language of the other party if he or she is able to do so. This is particularly viable in countries like Canada, Belgium or Switzerland where several languages are spoken. This choice has the advantage that every one must make an effort to communicate and at the same time this is a gesture which expresses respect for the other party.

#### **IV. Potential Advantages of Mediation in Cross-Cultural Negotiations**

In general mediation aims at helping conflicting parties solve their conflict in order to find a solution to a problem, cut losses and to protect the long term relationship. In negotiations mediation can have several aims. It can be deemed successful when partners that had stopped to communicate start talking to each other again. It can also help to restore the relationship in such a way that there is still interest to work together, to continue the negotiations, to continue the actual project and to come together for further projects at a later stage. Evidently, the ideal case is when the mediator succeeds in helping the parties to come to a common agreement. Notably mediation has a high potential to help overcome cultural barriers in cross-cultural negotiations since it offers some inherent assets

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<sup>195</sup> cf. Knapp/Novak, Die Bedeutung der Kultur in der Mediation, ZKM 2002, p. 4 (p. 6).

that can be used to produce a communication style that is understood by parties belonging to different cultures.

### **1. Problem and Relationship Orientation of Mediation**

One main benefit of mediation is it being both problem solving and relationship focused. This orientation makes it a useful tool for encounters that are supposed to produce a long-term business relationship. Even if a long-term relationship is not envisaged it accommodates cultures that are characterized by a long-term orientation. Mediation also meets the need of diffuse cultures who do not strictly separate business and friendship and for whom a good relationship is important in order to do business. Other juridical instruments like arbitration are not that favourable for these cultures since they do not consider long-term impacts when making a decision.

Mediation can help to overcome the special barrier of particularism/universalism. Since mediation is likely to help establish a good relationship instead of looking for “who is going to win” it will put even universalist cultures like the German or Swedish one in such a position that they can develop a good relationship with members of a particularist culture like the French or Brazilian. The advantage is that once someone is considered a friend in these cultures the member of the particularist culture will make strong efforts to come up to the expectations of that friend.

Mediation can assist in conciliating different attitudes to conflict which are connected to the concept of face and has its roots in differences between individualism and collectivism. For Asian cultures in situations of conflict it is paramount to soothe the conflict and prevent loss of face. For this purpose discrepancies are not pronounced and the origin of the conflict is concealed. People change the subject or leave the room for avoiding further escalation and loss of face. A solution that is acceptable for all parties is searched for and similarities are underlined. For resolving the conflict a person with a higher status can be invited to interfere.<sup>196</sup> In Western cultures the general attitude is different. People search for the root of the conflict, name it and discuss it in depth. For a

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<sup>196</sup> cf. Herbrand, *Fit für fremde Kulturen*, p. 74.

culture that emphasises the concept of face this is like a “slap in the face” since it is a very direct approach and can be embarrassing for the single person. A mediator that knows about these different attitudes to conflict solving can easily direct the discussion and avoid cultural clashes by concentrating on practical solutions and relationship instead of blaming each other.

Furthermore, in comparison to other dispute resolution forms, like arbitration, mediation offers the advantage that people are more apt to follow agreements they have helped to develop rather than those imposed on them by external authorities, such as judges, for example.<sup>197</sup> This can be expected to hold true especially for particularist cultures that rather break rules than friendships.

## **2. Advantage of Structured Negotiation**

A mediator structures a negotiation and visualizes goals, problems and results. This consequent structuring is one main advantage for cross-cultural negotiations. Structure supports equal distribution of power, for instance, and secures an effective dialogue. If one party feels - or actually is - more powerful this party will often be more inclined to use it and put pressure on the other party instead of seeking a common solution. The less powerful party will be led to mistrust every suggestion of the more powerful party out of fear of being abused. The mediator can help in such a situation, e.g. by supporting the weaker party in the formulation of its goals, by allowing both sides the same number of representatives and by taking care that both parties get the same opportunity to express themselves.

The problem of power imbalance has already been mentioned with regard to the choice of language in Chapter B III. 3. It must be stressed that visible power imbalance that is experienced as a loss of face will present a further risk to the conclusion of a business agreement.

Structure lessens frictions due to different time notions, because a reminder to come back to the main topic by the neutral third person and explained by pointing out to the necessity to adhere to the pre-agreed rules is more acceptable than if the opponent party makes the same remark.

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<sup>197</sup> cf. Augsburg, *Mediation across Cultures*, p. 200.

### **3. Assisted Search for Interests Behind Positions**

The mediator helps the parties to search for the interests lying behind their positions. This in turn is a question that should be taken into account when wondering why someone is acting in a specific way. This issue relates both directly and indirectly to cultural aspects. Someone may be acting in a specific way, for example rejecting a proposal, because accepting it would seem like a loss of face for this person (having perhaps proudly proclaimed that he will not move from his position). This helps overcome the gap between individualistic and collectivistic cultures where the importance of face is very differently handled. It is directly related to the significance of face that is paramount in collectivistic cultures. Knowing this, the mediator may propose a procedure that will make this party feel that he must not be ashamed of having lost that position.

Another reason why someone refuses to accept negotiations may be that the proposed negotiation party has a much lower status in the other's view which would be unacceptable for a member of a high power distance culture. A mediator with high status may overcome this problem, being a more acceptable negotiation partner for the high power distance party.

Asking for interests behind positions can uncover common interests or help to focus on the advantage of the search for them. For individualistic cultures the idea to invest in interests that are advantageous for a whole group is not very attractive in itself. In individualistic cultures people generally have little interest in common goals, advantages or interests, but rather stress their individual needs and differences. Mediation can help to overcome these diverging orientations by giving support in the search of common interests and by pointing out to members of individualistic cultures which advantages this different approach to problem solving can have for them. The mediator can show individualist cultures the opportunity to use personal skills like creativity for finding new solutions. For the French this challenge to solve (nearly) impossible tasks is very appealing. Swedes will also like the point that every idea is welcome since that is the way they use to work also at home. For Brazilians finally, who seek to integrate various interests – their own, the interests of their colleagues and friends and the one of their superiors – this attitude of allowing uncommon ideas will be attractive, too.

It can be conceded that, among others, part of the added value of mediation lies in the sharing of information to find common interests and possible combinations through a neutral person. These pieces of information would normally not be disclosed to a negotiation partner, since there is the risk that the other party abuses this surplus on information and does not disclose his own needs and interests in the same way in order to reach a better deal for himself. With the help of a neutral person a solution can be found for the conflict that does not result in a win-lose solution and an ending of the common project.

#### **4. The Mediator – a Communication Expert and Reality Agent**

A mediator is a communication expert and he will therefore be more sensible for both low and high context messages and interpret and deliver these to the other party in a way the party can decode them.

A mediator knows communication techniques like the reframing technique with which he can control and lead a negotiation. This technique aims at helping to see things in a different light which will be helpful when members of different cultures meet.<sup>198</sup> It can help overcome obstacles like different power distance since it shows the parties that the same fact can be understood in different ways and that the same things can have different values for different people. As a reality agent the mediator can show the parties that all parties believe their reality to be the real one, but that they must see that if both parties are 100 % sure to have the right view on the facts both parties must be wrong.

Another example is the technique of paraphrasing and summarizing all statements by the mediator and in a later phase by the other party in each case. This repetition can prevent misunderstandings and help the opposing party understand what the other party really wanted to say and hence overcome the gap between high and low context communication.

A further advantage of involving a mediator is that proposals can be more willingly accepted if brought forward by the neutral instead of being suggested by one of the parties. The theory of “reactive devaluation”<sup>199</sup> explains that proposals

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<sup>198</sup> cf. Risse, *Wirtschaftsmediation*, § 7, recital 122. For further techniques see, § 7, recitals 27-137.

<sup>199</sup> cf. Mnooking/Peppet/Tulumello, *Beyond Winning*, p.165.

from adversarial parties are regularly devalued since the other party is seen as an opponent and parties automatically assume that proposals from opponents are regularly more favourable for the opponent. An identical offer will yet often be acceptable when suggested by a third party.

## **V. Three Moments of Involvement of Mediation**

In general there are three main stages where mediation may help to overcome cultural barriers in negotiation processes. These stages can be defined as deal making, managing and mending phases.<sup>200</sup> In the following it will be examined how mediation can be used in these stages of negotiation.

### **1. Deal Making**

The deal making stage is the stage where negotiation is prepared and takes place. As has been pointed out in chapter B, IV. 1., different cultures have diverging interests in this stage. While collectivistic cultures are strongly interested in a long-term relationship, strongly individualistic cultures tend to see the mere contract as the only aim of a deal. This is not only short-sighted for enterprises that will depend on the mutual understanding like in a joint-venture, it is also inappropriate in view to the cultural understanding of many cultures. If a mediator is involved right from the start he can help the parties to get to know each other and get along with their different values and norms.

Often people not officially entitled “mediator” help to smooth negotiations by helping to circumvent cultural traps. These can be local agents, representatives of the local Chamber of Commerce and even translators<sup>201</sup>. The mediator’s task is to help parties understand each other. Understanding in this sense does not relate to language difficulties although this is a point that has to be further reflected upon. Often business people assume that managing a language is sufficient to manage negotiations. Language skills however do not equal cultural skills. When a German visitor asks his Brazilian negotiation partner in perfect Portuguese at

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<sup>200</sup> cf. Salacuse, *The Global Negotiator*, p. 3.

<sup>201</sup> cf. Kamhuber, *Interkulturelle Verhandlungsführung*, in: Thomas/Kinast/Schroll-Machl (eds.), *Handbuch Interkulturelle Kommunikation und Kooperation*, p. 287 (pp. 291/292).

which time he is supposed to *really* arrive for lunch this shows perfect language skills, but little sensibility for cultural adequateness.<sup>202</sup> Therefore a mediator can help not only to make the parties literally understand each other, but he can also prevent translations that are too direct and lead to a collision of opposing norms and values. This system permits the continuation of a project and aims at solving the problem without leading to a breach of the relationship.<sup>203</sup>

## 2. Deal Managing

The phase described as deal managing is when an agreement has been reached. After reaching an agreement – e.g. signing a contract - the deal though cannot be considered as finished, since it is the phase when the cooperation actually takes place. A lot of questions, problems and challenges only turn up in this second stage. After having invested time and money to get there it would be a considerable loss not to cultivate the relationship with utmost attention. Many contracts include provisions for conflict situations after an agreement has been reached. Often these provisions regard arbitration clauses. The problem with arbitration is that it is “expensive, adversarial ... (and) usually results in the dissolution of the business relationship, not in its reconstruction.”<sup>204</sup> Less often mediation provisions are included in the agreement; to this extent the development in the construction area is exemplary, where the use of dispute review boards is regularly previewed in the contracts.

## 3. Deal Mending

When a conflict arises in a business relationship it is connected to high financial risks and actual losses. Therefore, there is a strong interest to settle conflicts as fast and efficiently as possible. As already mentioned in chapter C. IV. 1. mediation has among other the advantage to often preserve the relationship instead of breaking it as litigation or arbitration do. This is true for both intra-cultural and inter-cultural cases; the difference in inter-cultural cases is that parties put the relationship at risk without knowing it, since they are not familiar with

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<sup>202</sup> cf. Smith/Bond, *Social Psychology Across Cultures*, p. 250.

<sup>203</sup> cf. Salacuse, *The Global Negotiator*, p. 26.

<sup>204</sup> see *ibid*, p. 70.

important values and norms of the other culture. Secondly, in a mediation process there is space to find creative solutions instead of simple win-lose solutions. In a litigation process or arbitration there is no intention to look for a “third” way. Instead decisions about rights are taken; one party wins and the other loses.

Involvement of a mediator has some more advantages in comparison to settlement by the parties themselves or mere lawyers. A mediator also brings knowledge on dispute settlement process to the table and also expertise, as is the case, e.g. in dispute resolution boards. In addition he brings neutrality and objectivity, as he is independent from either party and he is entrusted by parties who have opted for his involvement.<sup>205</sup>

Essential for success of mediation is timing it to the effect that the parties are prepared to cooperate. Should the parties not decide to work with a mediator right from the start then mediation is a tool that is better employed at a rather late stage of negotiations or a dispute. Researches indicate that mediation is more effective when the dispute has already undergone tense phases and other methods have already been tried out without satisfactory results.<sup>206</sup> It is suggested that under that circumstance there is a higher interest to prevent further losses. On the other hand there is the risk that if parties have already suffered considerable losses they may become less prepared to accept other views (like the Israel – Palestine conflict where people say that they have lost members of their family and if they were to accept peace now all these losses would have been in vain.) The parties must have a strong will to find a common solution. Only then mediation offers conflicting parties a chance to effectively solve difficult problems.

## **VI. Mediator’s Roles**

When using cross-cultural mediation there is no single strategy or structure that can be followed for every case and that tells mediators when to do what and how to do it. This is important since one of the main features of a successful mediation is the flexibility of the mediator that allows him to constantly adapt to the actual

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<sup>205</sup> cf. Salacuse, *The Global Negotiator*, p. 260.

<sup>206</sup> cf. Bercovitch/Houston, *The Study of International Mediation*, in: Bercovitch, *Resolving International Conflicts*, p. 11 (p. 23).

needs of the situation. There are, however, several suggestions as to helpful roles a mediator can assume in a cross-cultural mediation.

Raymond Cohen, professor for international relations and a former fellow of the United Institute of Peace suggests three different roles a mediator can perform in a cross-cultural mediation: the interpreter, the buffer and the coordinator.<sup>207</sup> In the following these three roles will be explained.<sup>208</sup>

### **1. The Interpreter**

The interpreter will help the parties understand each other's communication style. Since communication is embedded in a culture it is necessary to be able to decode the symbols, gestures and expressions used in order to understand what the message really is about. Especially when a member of a low-context culture talks to one of a high-context culture it is very difficult for both of them to understand each other without being irritated. For example someone from a high-context culture like France may feel insulted by the directness of speech of the low-context member who in turn does not intend to be rude and therefore cannot understand why the other reacts in an offended way and may consequently find the other very irrational and acting in an inadequate, unprofessional way. On the other hand when a German answers "That's difficult" to a proposal this means that it is not impossible. When however a member of an Asian, face-protecting culture says the same this answer equals a "no".<sup>209</sup> The same meaning has the expression "I will do my best". The mediator as an interpreter will act to prevent and explain these situations. Therefore, in this context, "interpreter" does not relate to language differences but rather to differences in the meaning of gestures, symbols and expressions.

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<sup>207</sup> cf. Cohen, *Cultural Aspects of International Mediation* in: Bercovitch (ed.), *Resolving international Conflicts*, p. 107 (pp. 111 – 123).

<sup>208</sup> see also Saadia/Zartmann, *International Mediation in Theory and Practice*, p. 11 ff. where more general aspects of the mediator's role are highlighted.

<sup>209</sup> cf. Salacuse, *The Global Negotiator*, p. 94.

## **2. The Buffer**

The mediator as a “buffer” seeks to help prevent face-losing and unwelcome confrontation.<sup>210</sup>

The subject of face-losing is a very delicate issue for example with Asian cultures for whom a direct “no” can be very offensive. They try not to lose their face and also try not to provoke face-losing of their business partners, preventing too direct confrontations. Still, it should be noted that face-losing is not only a sensitive subject with Asian or Arab cultures. No one likes to lose his face, feeling that one loses part of one’s credibility, reputation or honour. The difference lies only in what is considered a loss of face. In more individualistic, low-context cultures a public debate with diverging opinions is no threat per se. In collectivistic, high-context culture public disagreement is considered dangerous since it threatens to disturb harmony between the parties. These different attitudes seem more evident if one considers the miscellaneous values of individualistic and collectivistic cultures. In individualistic cultures people are generally very self-contented in the sense that what is most important for them is their own self-esteem. Therefore they act in accordance with their own conscience. In collectivistic cultures the opposite is the case. What is most essential is the esteem of and appreciation by the society. Therefore the guide-line is to behave in a way that does not provoke reprobation by the group. So the mediator who is taking over the role of a buffer has to prevent face-losing by advising parties how to act in a non-offensive way.

## **3. The Coordinator**

The mediator that acts as a coordinator takes over initiative in order to structure the mediation process.

Due to cultural divergent positions parties can have opposing opinions when it comes to questions such as when the time is ripe for mediation. While one party may feel that the time is ripe and that mediation is needed in order to “cut one’s losses”<sup>211</sup> the other may feel that it is going to lose everything – face for instance

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<sup>210</sup> cf. Cohen, Cultural Aspects of International Mediation in: Bercovitch (ed.), Resolving international Conflicts, p. 107 (p. 111).

<sup>211</sup> see Cohen, Cultural Aspects of International Mediation in: Bercovitch (ed.), Resolving International Conflicts, p. 107 (p. 120).

– if it agrees to make concessions at that time. A stronger emphasis on pride in one culture in comparison to the other can be a reason for different perceptions as to the need of starting mediation. Symmetry in process is important, since conciliatory moves by one party for example can be abused by the other party if interpreted as weakness.<sup>212</sup>

Another point that a coordinating mediator has to regard is how to deal with the parties in general. While in some cultures he may be allowed and expected to show and use his authority if he wants to reach agreements, in other cultures – with lower power distance – the mediator will have to act with more precaution allowing more discussions and waiting till the party agrees to his proposals. With cultures that are this different the mediator will have to adapt and act differently with each party. This may seem a danger to neutrality, but in fact it is not as the mediator just acts in that way that will enable the parties to come to a common solution. For a country like France the point is not that the French do not want to be involved in decision taking, but rather that if a procedure offers many possibilities of taking part in discussions, it will take comparatively long to find a consensus. This can be illustrated by the way that laws are decided upon in France. In comparison to some other countries the citizens have little possibilities to influence the process. The reason may be explained as follows:

“En France, il n’y traditionnellement pas validation a priori de l’acceptabilité ou de l’applicabilité d’une loi, notamment du fait qu’une consultation préalable entraînerait un telle levée de boucliers qu’on préfère le passage en force d’une loi ornée du nom de son auteur et drapée dans la dignité et la gloire de l’appareil de l’État.”<sup>213</sup>

This means that in France authority and status is used to reach a decision and not consensus as this would provoke too much protest and consume too much time. In total it can be said that the mediator has to adapt to the parties and situations. What seems right and has proven right with one party and culture can be wrong or simply unnecessary with another. Trying to impose solutions to very individualistic cultures with low power-distance - like Germany or Sweden - will

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<sup>212</sup> cf. Augsburg, *Mediation across Cultures*, p. 158.

<sup>213</sup> see Baudry, *Français et Américains – L’autre rive*, p. 67 (pages refer to the cyber-book accessed on 18.11.03).

turn out fatal. To more collectivistic countries or higher power-distance cultures like Brazil or France a more directing strategy can be more acceptable and help to find faster solutions.

## **VII. Limitations of Mediation**

Although mediation is a dispute resolution tool that makes sense in most conflicts, there are situations when mediation has little prospect of success. One situation is when the conflicting parties have little interest in a good relationship for the future.<sup>214</sup> In that case they will be less prepared to listen to the other party's arguments and will have little interest to find out the real interests behind the positions. Since mediation demands a higher personal involvement than a court action the "easier" solution will be in deciding for a court action.

Furthermore, it is vital that all, at least the most important, conflict parties are present. Since mediation aims to find a solution that is acceptable for all parties, it is important that all parties get involved in the process. It is equally important that the key decision makers are present. If the negotiated agreement cannot be executed because one party did not have the authority to make such decisions it is worthless.<sup>215</sup>

As stated in section C. III., there must be equal distribution of power between the parties. If this is not the case the more powerful party must be prepared not to use its power to force a solution that supports only their own interests.

Moreover, although time pressure can be valuable and help parties to come to a decision, it also poses a risk. If the time available for finding a solution via mediation is too limited success is at stake. Mediation is a tool that takes some time<sup>216</sup> and that is highly dependent on the fact that the parties have the change to get closer to each other in their understanding, which will not be the case immediately. In that case there would be no need to mediate at all.

Last but not least there must be a minimum interest to find a common solution. If this is not the case, mediation will not be recognized as a valuable tool.

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<sup>214</sup> cf. Picker, *Mediation Practice Guide*, p. 15. Here the author states factors which favour mediation and which consequently when missing put at risk the success of mediation.

<sup>215</sup> cf. *ibid*, p. 17.

## VIII. Summary

The aim of this chapter has been to evaluate the potential that mediation has to overcome cultural obstacles in negotiations.

Some critical aspects that are of special importance have been pinpointed and have been found to be vital preconditions for mediation to succeed in such contexts. These critical aspects regard the person of the mediator, the enhanced need for a mediator who is perceived as neutral, the need for carefully structuring the process and the attention that has to be paid to the choice of language. At this particular point a range of institutions that offer a panel of mediators have been presented.

The potential of mediation has been found to lie in four main factors: its problem- as well as relationship-orientation, the fact that it provides a structured negotiation process, its assisted search for interests behind positions and the fact that the mediator is a communication expert and acts as a reality agent for all parties.

Furthermore three different roles that a mediator can chose to play in adaptation to the cultures present and the circumstances have been put forward. In these roles engagement of the mediator stretches from a mere help in communication with little initiative to a coordinator who actively constructs the process. It must, however, be pointed out that these roles are not easily separated from one another and that a mediator can act in all three ways by taking turns.

In addition, it was explained that mediation can be helpful in different stages of negotiation. The first stage was called “deal making” and refers directly to the negotiation phase, the two others – deal managing and mending – can rather be seen as cooperation stages where mediation is used to nurture and protect the relationship and thus to secure future cooperation.

Finally, limitations that prevent successful mediation were revealed.

In sum, this chapter has established that mediation is a valuable tool to overcome cultural barriers in cross-cultural negotiations.

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<sup>216</sup> cf. Besemer, *Mediation – Vermittlung in Konflikten*, p. 20.

## **D. Cultural Training as a Human Resources Development Tool**

After proving that culture can be a barrier even in cultures that seem very close, it becomes evident that cross-cultural trainings should be an integral part of higher business education. In any case it should become an integral part of Human Resources Development in internationally operating companies, since although mediation is a valuable tool business people cannot always depend on a mediator. Direct interaction with foreign business partners will remain a constant factor.

The EU has recognized the importance of cross-cultural learning and supports through the European Commission programmes in order to improve language skills, “strengthen the European dimension of education”,<sup>217</sup> learn about other cultures<sup>218</sup> etc. It offers programmes like Erasmus which support student exchanges, or, Leonardo which supports vocational training – e.g. internships - in a foreign European country. Companies can take advantage of these programmes and apply for funding for internal exchange programmes. The overall aim of these programmes is the same that business enterprises have when offering intercultural training: to strengthen the participating individuals for the challenges of the world-market and to thus transform Europe, respectively the business enterprise, into a strong competitor.

### **I. Aim of Cross-Cultural Training**

Cross-cultural trainings can come in different shapes: as academic course both undergraduate and post-graduate, as workshops offered by commercial training institutes or as part of a company’s in-house training.<sup>219</sup>

The trainings aim at preparing people for cross-cultural encounters by promoting changes in people’s way of thinking, in their emotions and behaviours. The

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<sup>217</sup> See [http://europa.eu.int/comm/dgs/education\\_culture/publ/pdf/socrates/brochnew\\_en.pdf](http://europa.eu.int/comm/dgs/education_culture/publ/pdf/socrates/brochnew_en.pdf) (10.03.04), p. 3.

<sup>218</sup> see *ibid*, p. 2. There is also an executive programme for Japan and Korea with the same aim where the European Commission pays up to 120,000 € per participant, cf. <http://www.etp.org/index2.htm> (23.03.04).

thinking patterns need to be changed in order to make people realize that there are different approaches to the same issue. People can become able to understand and explain these other approaches. If they understand different cultures they may additionally learn how to deal with them and to use the proper means to reach their interests.<sup>220</sup> A further aim is the rejection of stereotypes that are too easily adopted to explain behaviours.

Change of people's emotions refers to the emotional reaction that strange or "abnormal" behaviour provokes to those whose expectations and norms have been violated. "Intercultural interactions are anxiety arousing."<sup>221</sup> Known or at least explicable behaviour is less probable to have this effect.

But it is not sufficient to understand and accept different cultures. One must be able to act in a culturally acceptable way - from a business partner's point of view. Unfamiliar behaviour and ideas must not be received with a visible shock or signs of irritation. One has to know and apply the appropriate reaction. The knowledge that one must not use open criticism does not help to know how to actually do it. In a practise oriented training one could learn that a possibility to reject a proposal in such a culture is not to mention it again.<sup>222</sup> On the one hand this results in a smoother interaction and on the other hand this may be appreciated by the host who might be aware of cultural differences and who will positively value the adequate reaction as a proof of respect and investment into the relationship, knowing that it derives from a careful preparation for the encounter.

## II. Training Methods

Intercultural training can be divided into cognitive, affective and behavioural training. Cognitive training provides knowledge about other cultures. Affective training aims at controlling the emotions that arise when dealing with other cultures and behavioural training aims at training acceptable behaviour for other cultures. Furthermore there are kinds of training that deal with cultural differences

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<sup>219</sup> see Vinzent, *Interkulturelles Diversity und Inklusiveness-Management in: Personalführung* 10/2003, p. 30 (p. 35) for an overview of offers for academic education in cross-cultural competencies in Europe.

<sup>220</sup> cf. Brislin, *Understanding Culture's Influence on Behavior*, p. 31.

<sup>221</sup> see *ibid*, p. 32.

in general and others that deal with specific cultures. In the following, three basic forms of intercultural training will be presented. An overview on intercultural training institutes can, for instance, be gotten from SIETAR, a world-wide association of intercultural practitioners and researchers.<sup>223</sup>

In general, intercultural training should be supported by learning-on-the-job in the form of working in the home country with members from different cultures. This gives the trainee the possibility to learn about different working styles in an environment where “wrong” behaviour does not have such a strong influence on future business opportunities like a single negotiation meeting can have.

### **1. Intercultural Assessment Center**

Assessment Centers can be used for various purposes, e.g. for the selection of internal or external job applicants, for the evaluation of skills, for the detection of development potential and for training purposes.<sup>224</sup>

Its technique consists in posing a group of participants various tasks which must be executed either as single or group tasks in a given amount of time. The participants are watched by a group of observers and assessed according to pre-defined criteria. In feedback sessions the participants learn how their behaviour or solution were assessed, the reasons for it and get advices for improvement and development. In an intercultural Assessment Center the tasks relate to situations that are likely to be encountered in cross-cultural contexts. Assets like empathy and ambiguity tolerance – one of the main success characteristics of a good negotiator in cross-cultural contexts - are tested and trained.

### **2. Culture Assimilator**

The culture assimilator training uses cognitive methods in order to enable the participants to understand the behaviour of members of a foreign culture. The training can be general in its focus or specifically for one culture.

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<sup>222</sup> cf. Herbrand, Fit für fremde Kulturen, p. 76.

<sup>223</sup> cf. <http://www.sietar.de/SIETARproject/SIETARMembersites.html> (24.03.04)

<sup>224</sup> cf. Kinast, Diagnose interkultureller Handlungskompetenz, in: Thomas/Kinast/Schroll-Machl, Handbuch Interkulturelle Kommunikation und Kooperation, p. 167 (p. 169).

The method consists of explaining single cultural standards and confronting the trainee with descriptions of critical incidents with a selection of explanatory options. The trainee assesses which option gives the right explanation of the behaviour, taking the specific cultural standard into account.<sup>225</sup> For every option the trainee chooses he or she gets an explanation why this answer is right or is wrong. If the answer is wrong the trainee is requested to choose another option till he/she finds the right answer. Ideally a culture assimilator training includes approx. 20 – 30 incidents.<sup>226</sup> A disadvantage of this method is that since it is a rather passive method the learning results may not be very profound and in real critical incidents it may be difficult to recall the aspects learned as quick as is necessary. Therefore techniques such as role plays are advisable since they produce very intense learning results.<sup>227</sup> They should therefore be combined with a culture assimilator training.

### **3. Intercultural Coaching**

As a second module, in addition to a general or specific intercultural training, intercultural coaching produces very useful results. Coaching is an HR development tool that is mainly used for management levels. Intercultural coaching can be offered both as a preparation for a stay abroad or for expatriates who already are in a foreign country.

The person who is coached gets individual help to understand problems encountered with members of a foreign culture. The coach helps the coachee to develop skills to understand, master and avoid conflicts by using various psychological methods. The coachee does not get recipes for specific situations, instead he is helped to develop an internal understanding of the own and foreign culture.<sup>228</sup> Coaching aims at producing a change of perspective. Its advantage is that it is very practical-oriented and is very effective to solve real problems in real-time. Its disadvantage is that it is relatively expensive as it is not feasible for

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<sup>225</sup> For an example: cf. Kinast, *Interkulturelles Training*, in: Thomas/Kinast/Schroll-Machl, *Handbuch Interkulturelle Kommunikation und Kooperation*, p. 181 (pp. 192/196).

<sup>226</sup> cf. Kinast, *ibid.*, p. 199.

<sup>227</sup> cf. Brislin, *Understanding Culture's Influence on Behavior*, p. 233.

<sup>228</sup> cf. Kinast, *Interkulturelles Coaching*, in: Thomas/Kinast/Schroll-Machl, *Handbuch Interkulturelle Kommunikation und Kooperation*, p. 217 (p. 219).

group trainings. If there is no adequate coach on site, costs include hotel and travel costs for the coach.

### **III. Evaluation**

Specific training that prepares for a specific culture is the most effective way of preparation for a stay abroad. The problem is that this is more difficult to find than general training and will often be more expensive if offered as an internal training by a company if only few participants are concerned by this specific culture.

For business people who have to negotiate with parties from varying cultures a general intercultural training is the most viable and least expensive choice, since as general intercultural training is offered as group training costs for the single participant are lower. It is important to choose a training module which combines as a minimum requirement cognitive methods – like the culture assimilator – with affective methods, i.e. role-plays, as role-plays produce a very intense way of learning. Although a general intercultural training does not prepare participants for specific cultures, it helps them develop an understanding of cultural differences and helps them to deal with them.

If regular contacts with the same culture are to be expected, culture specific (group) training is advisable. What is even more effective is a bi-cultural training with participants from both the home culture and the foreign culture.<sup>229</sup> In such a setting the participants get a “real” feed-back about their own behaviour, not only from the trainer, but also from the participants of the “opposing” country.

Coaching makes more sense for expatriates who spend a longer period abroad than for negotiators who only spend a short-time in a foreign culture, since coaching is a very expensive training form and takes too much time, that will not be available during a negotiation session. It can nevertheless be considered as useful for people who have very regular stays abroad. The coaching sessions would then have to take place at home and can be used as a tool to both think over past experiences and to prepare for future encounters. Coaching is a cost-intensive

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<sup>229</sup> Offered for French-German encounters for example by JPB, Paris. See interview with Mr. Lorrain, Warehouse Manager at Kuehne & Nagel s.à.r.l., Luxemburg, interview on 14.01.04, subject: his experience with bi-cultural training at JPB.

training method, but, on the other hand the losses that companies incur due to failed negotiations are higher.

Intercultural Assessment Centers must be used not only for development purposes, but first of all as a selection tool, since people can only be changed in a limited fashion.

Furthermore, controlling of intercultural training must not be forgotten. Experiences of participants sent to intercultural training must be systematically evaluated. This should be done twice: once right after the training and once again after the participant has spent some time in a foreign culture - whether as an expatriate or for a shorter negotiation session. The reason is that right after a training session participants may be euphoric, because the training was fun, hotel and organisation were good. This does however not guarantee that the training will have any effect on a cross-cultural encounter. Therefore evaluation should take place also after intercultural skills were needed by the participants.

Last, but not least negotiators can ask the mediator that takes part in the negotiation for feedback and ask him for advice in order to behave in an adequate way.

## **E. Conclusion**

### **I. Negotiation Advices**

A mediator can help to circumvent cultural traps, but still there is need to prepare for culture related differences in negotiation behaviour. As a conclusion some specific advices for negotiations with members of the four examined countries are presented as well as a general checklist to be taken into account when preparing for cross-cultural encounters.

#### **1. For Encounters with German Negotiators**

When preparing for negotiations with German business people it is paramount to provide for a thorough preparation. This preparation must aim at collecting as much figures, logical arguments and proof as possible.

Details must not be neglected, since Germans prepare themselves in a very detailed manner and aim at knowing all technical details. Negotiation representatives must know about technical details and be able to give answers to technical questions. Germans pay more attention to professional knowledge (“Fachkompetenz”) than to the status of their negotiation partners. Nevertheless, formality plays a role. Rank, titles, etiquette - like greeting procedures - are taken seriously. Germans do not easily call others by their first names. Colleagues who have worked together for a long time and consider each other to be friends do not necessarily use first names. So if one is not offered the German “Du” for first-name use this is no sign of antipathy, but of German formality.

Due to Germany nurturing a distinct attitude towards business with its attempt not to mix up business with other aspects of life, Germans seek for seriousness during negotiations; jokes are mostly considered inappropriate during negotiation meetings and only “admissible” during entertainment in the evenings. Although this is difficult to understand for some cultures it has the advantage that there is no need to invest much time in relationship building before starting business, since Germans tend to be very deal-focused.

One important aspect to be respected is punctuality. This refers both to the start and the course of the meeting itself. Normally agendas are drawn up and their purpose is not to waste any time and to know what to deal with at which time. Last, but not least, an important point is not to interrupt Germans. Germans use a direct communication style where criticism is openly used, but interruption is considered very rude.

## **2. For Negotiations between Germans and Brazilians**

In Brazil it is important to establish good relationships: this applies to your negotiation partner there and with influential persons if possible. In Brazil a lot of things are possible if you know someone who knows someone or is related to someone. Family ties are very important and when making decisions its consequences for relatives or friends – who often work in the same company - are taken into account. Family matters are also allowed to interrupt business. Therefore it is necessary to invest time in relationship-building. This makes one be included in such considerations and gives one the trust that makes oneself eligible for business cooperation.

German negotiators must not underestimate the importance of exposing status symbols. In Brazil elegant dressing and other signs of status are taken more seriously than in Germany. They have two functions: showing who you are and that you know that your business partner merits high esteem.

It is not unusual in Brazil to show emotions like joy, anger or express friendship. This is considered appropriate and normal also for business. Discussions are vivid and include frequent interruptions of each other. This is not a sign of little politeness, but of great interest in the matter and must be understood as such.

Since Brazil's organizations derive from traditional family enterprises power is concentrated at the top by a "father" who expects strict obedience. For negotiations it is therefore paramount to deal with a negotiation partner who actually possesses decision-making power or to establish good relationships with influential persons.

### **3. For Negotiations between Germans and French**

For business negotiations with French it is vital to start by nurturing a relationship. For Germans it is important to bear in mind that a good relationship is a pre-condition for being trusted in France and trust is a pre-condition for doing business. Hence time consuming meetings with long business lunches are no waste of time, but a necessary pre-requisite. Germans must try not to be nervous when no immediate results are visible for them. For French a meeting where one got to know each other has produced a visible and valuable result.

French people have a polychronic notion of time and so several things may be done at the same time. It is not uncommon that a mobile phone rings during a meeting and – nearly unthinkable for Germans – the call is attended. In France this is conceivable. In addition to this, creativity and demonstration of one's uniqueness – influenced by France's high individualism – is considered more important than adherence to agendas. Since French want to use and display their intellect, their genius, lively and long discussions must be expected.

It is important to know what to expect from meetings. Often the French negotiator will have been chosen to attend the meeting for status reasons. Thus he will not be the one to know the technical details, but the one who is able to make decisions and who will later be the contact person when things go wrong or any sort of help is needed. Since the French negotiation partner will generally be one of high hierarchical status he will also be able to impose decisions on his subordinates and thus produce the desired results – but only if one has nurtured a good relationship beforehand!

### **4. For Negotiations between Germans and Swedes**

Swedes are influenced by three main factors: femininity and a strongly polychronic and direct approach to business. This results in a strong emphasis on consensus. While Swedes do not consider it necessary to build up a special relationship before conducting business they avoid conflict. This must be known for negotiators who tend to use an aggressive negotiation style and who like debates and lively argumentations. Aggression risks intimidating Swedes and leading to a tactic of avoidance. Aggressive negotiators can however try to use this as a tactic to achieve Swedish cooperation. A warning is necessary though,

since business people with this behaviour can be regarded as rude and lose the Swede's respect.

Although Swedes are generally very friendly due to their feminine orientation, they are also very direct and do not attach much importance to indirect communication. They say what they think and criticise when they consider it necessary to do so and do not think about the possibility to offend people by this.

When speaking of offence it is vital to note that unpunctuality and interruptions are regarded as very rude behaviour, even more than in Germany. It is advisable not only to try not to be late for a meeting, but to arrive some time in advance.

Last but not least do not expect symbols of status to impress Swedes and do not be surprised that they do not employ them. Likewise, do not be surprised if your male business partner has to leave the office punctually, because he has to pick up his children. Family has a high value in Sweden.

## **II. Checklist of Negotiation Variables**

What should have become clear is that there is no simple advice that is transferable from one culture to another. Yet, it is possible to use a checklist in order to prepare for the particularities that are encountered in a culture.

The first variable is to consider what the negotiator selection criteria in the other culture are. Negotiators can be selected due to their professional experience, their personal relationships, age, education etc. If one is going to meet with a culture that attributes status to age it is advisable to choose a mature negotiator in order to show respect for the other party. Moreover, if one knows that the first negotiator will be more of a representative than a decision maker or a technical expert one knows what can be achieved in a negotiation and what cannot.

Secondly, the general aim of negotiations in the other culture should be known. Is the aim generally a detailed contract, a general agreement, to build up relationship or a declaration of intent? This prevents being frustrated if one plans to conclude a detailed contract, but the other party starts with a declaration of intent that is less clear and detailed. Connected with this is the form of satisfactory agreement. While for one culture a handshake is a satisfactory and reliable form of agreement

other cultures depend on a written contract. But even if both parties intend to sign a contract this can have opposite meanings. For one party it may be the ending of a negotiation while for the other it may be the beginning that is still considered amendable.

Then the attitude to time may be very irritating if different. There are monochronic and polychronic cultures which influences for example the rigidity of time schedules. Rigid-time cultures are found mostly in temperate regions, fluid-time cultures in warmer climates<sup>230</sup>. Even if this seems amusing at first glance the reason may really be connected to weather. It is no fun waiting for someone in the rain or snow, but becomes bearable when the sun is shining. Even if one knows that the business partner belongs to a culture that handles punctuality less strictly it is vital to be punctual. One never knows if the other is really going to be late – he might as well be an exception of his own culture or try to respect the other's values and norms by being punctual. Moreover the speed of decision making varies. Fast decisions are considered an effective way of working in most Western societies, in other cultures however, a fast decision reflects a low consideration for the problem and is therefore negatively associated.<sup>231</sup>

Power distance must be considered since it influences the need for formalities and a specific protocol. From power distance the appropriate form of personal address – if first name or last name, if academic titles are to be used etc – can be derived. Among others it is also power distance that influences the decision-making process. There are several possibilities that one should be prepared for. The single representative could be entitled to decide or he may be dependant on the team and on back-checking with the team or at home. It could also be the case that one negotiates with a collective culture where a team is sent to negotiate and if one is alone to represent one's company this is viewed as a lack of status and power from their point of view.

It is vital to know the typical communication style. If one knows that indirect communication is common then one knows that one must be careful with one's statements. This point also refers to issues like the use of interruptions or silence.

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<sup>230</sup> cf. Gesteland, Cross-Cultural Business Behavior, p. 57.

<sup>231</sup> cf. Deresky, International Management, p. 204.

One should know if a culture tends to seek for win-win or win-lose solutions. In negotiations with a culture that prefers win-win solutions it would be advisable to try to think the same way or the deal risks to fail, since one makes a hostile impression on the other party and a good relationship cannot be established.

One must be informed about the uncertainty avoidance of a culture. If negotiating with a culture with high uncertainty avoidance, thus low risk-taking one must be prepared to present more information than one is perhaps used to. In addition, the decision making process is probable to take much longer.

Then some specific gestures should be known. It is for instance vital to know that the left hand is considered dirty in Muslim, Hindu, Buddhist cultures<sup>232</sup>. Since a lot of communication is non-verbal and happens nearly unconsciously some signs like for yes/no or agreement must be known.

Obviously one must know the political environment and legal system. This the easiest thing to know since there are a lot of information sources for this type of information – consulting firms, chamber of commerce, internet etc.

Last but not least it is advisable to know some special features, i.e. to know about gift giving, traditions, history etc. In some cultures there are also very sensible aspects that one should know, like avoidance of eye contact which in Asian cultures is a sign of respect, in other cultures yet it is interpreted as a hint that someone is lying. The same is valid for smiling. In Western cultures a smile is generally considered a positive agreement, in Asia a smile is also the proper behaviour for concealing irritation and anger.<sup>233</sup>

### **III. Conclusion**

This thesis had two aims: to examine culture's influence on mainly intra-European negotiations and to reflect the value of mediation for overcoming cultural barriers that may have been discovered.

Using nine different cultural dimensions the roots for the constant misunderstandings and difficulties in cooperation have been explained. It was discovered that culture can be a major barrier to negotiation agreements - and this

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<sup>232</sup> cf. Gesteland, Cross-Cultural Business Behavior, p.78.

not only between parties that come from obviously different cultures. It was shown that German negotiators encounter particularly many problems when negotiating with French parties, although Germany and France share a common border and a long history of cooperation projects.

Germans and French find it difficult to work together mainly due to their different notions of time, a much stronger emphasis on power distance in France and French strong individualism and particularism. With regard to German-Brazilian negotiations a very similar constellation can be spotted. A difference lies in Brazilian collectivism which makes affairs being postponed for family or friendship matters. A strong polychronic notion of time in Brazil adds to time schedules being handled even less binding than in France. One of the things to know for Germans thus is that relationship building is vital for handling negotiations both in France and Brazil and to be more flexible as to the use of time.

It has been shown that German-Swedish negotiations are likely to provoke little frictions. Nevertheless, it has been stressed that due to Sweden's very low masculinity, very low context communication and strong monochronic approach to time the working style, especially the decision making process varies from German process.

Further research is yet necessary to find out if cultural shifts have taken place. Hofstede's research was conducted about 30 years ago. Although it can be assumed that culture is so deeply rooted that it does not change at a fast pace, it is necessary to regularly update the results. This is already done by various groups; one of it is the GLOBE Project which examines the inter-relationships between societal culture, organizational culture, and organizational leadership<sup>234</sup> and one of its foundations being Hofstede's research.<sup>235</sup>

Mediation is a tool that can be a valuable instrument to prevent that culture disturbs negotiations. Its inherent potential lies in the fact that it is a tool that guides the communication process and aims at producing an understanding between parties that show opposing attitudes to a common issue. Still, it must be stressed that in cross-cultural negotiations the mediator must possess additional

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<sup>233</sup> cf. Herbrand, *Fit für fremde Kulturen*, p. 40.

<sup>234</sup> cf. <http://www.haskayne.ucalgary.ca/GLOBE/Public/index.htm> (29.03.04)

qualities in comparison to mediators who act in intra-cultural cases. The mediator must know about distinguishing characteristics of the cultures that are meeting in the mediation case and be able to understand behaviour and motives. Then mediation can also be a tool that helps the parties to “enlarge the cake” and lead to solutions that can result in a more favourable outcome for both sides like the often cited “orange example” shows.

Still, it is important to note that although culture is a special aspect that has to be taken into consideration it must not be assumed that it is always the reason for the conflict. Often culture is used as an easy explanation for conflicts and parties stop engaging in a real search for reasons and solutions. The mediator has the task to investigate if really cultural problems are the roots of the conflict or if it is only used as a pretext in order to prevent having to look for deeper reasons.<sup>236</sup> But also when doing this the mediator has to respect cultural values and norms and therefore culture stays an important factor in the mediation process even if it is not the basic problem.

International companies who send their “young professionals” to foreign countries in order to expose them to first international experiences should not consider the cultural preparation as secondary if they want the experience to become a successful one. Especially if important questions are to be dealt with, i.e. a contract, careful preparation is essential in order to overcome cultural challenges and common misunderstandings. To such an outcome intercultural training makes sense. In addition to this it is advisable to make use of the knowledge of former expatriates or employees who have made experiences with foreign business partners. For this purpose a simple database can be produced where experiences and advice is collected and arranged to the effect that anyone can easily access information on cultural specifics before leaving for a foreign country. It is also possible to list people who are experienced and willing to provide information on particular countries.

In conclusion mediation is a tool that should be further reflected for cross-cultural negotiations, but should be combined with intercultural training for the negotiators.

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<sup>235</sup> cf. <http://www.haskayne.ucalgary.ca/GLOBE/Public/Links/process.pdf> (29.03.04), p. 15.

<sup>236</sup> cf. Knapp/Novak, Die Bedeutung der Kultur in der Mediation, ZKM 2002, p. 4 (p. 7).

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## Abstract

Negotiations as a main business task become steadily more international. Therefore this thesis has examined the influence of culture on negotiation styles for countries that seem relatively close: Germany, Brazil, France and Sweden.

The results show that German and French negotiators risk to encounter regular cultural misunderstandings if they are not informed about some of each other's culture characteristics. This produces frictions, misunderstandings and losses that make negotiations fail time and time again. A similar pattern was discovered for German-Brazilian negotiations. With regard to German-Swedish negotiations less problems can be reported, since German and Swedish culture show very similar characteristics. Still, problems can arise due to single diverging characteristics. These characteristics were pointed out and explained.

The thesis has furthermore focused on examining mediation as a possible tool to overcome the cultural barriers that were expected and confirmed in this work. Mediation has been confirmed to have a valuable potential to evade culturally rooted misunderstandings in negotiation if some preconditions are respected. These preconditions regard both the person of the mediator and the mediation process itself. Mediation has some inherent potential to enhance difficult negotiations by supporting communication and preventing inter-personal conflicts. For cross-cultural negotiations it is however necessary to provide for a mediator who is additionally trained in cross-cultural communication. Only then the mediator will be able to recognize culture-critical behaviour and to interfere into the communication process to make it more effective for all parties.

Rightly employed, mediation is a valuable tool for preventing cultural clashes in negotiations and thus to enhance negotiation results.

## Deutsche Zusammenfassung

Verhandlungen als eine Hauptaufgabe im Geschäftsleben werden täglich internationaler. Deshalb hat diese Diplomarbeit den Einfluss von Kultur auf Verhandlungsstile untersucht und dies für Länder, die sich augenscheinlich kulturell sehr nahe stehen: Deutschland, Brasilien, Frankreich und Schweden.

Die Ergebnisse zeigen, dass deutsche und französische Verhandlungspartner sich dem Risiko aussetzen, einander regelmäßig miss zu verstehen, wenn sie nicht über kulturspezifische Kenntnisse verfügen. Dieses erschwert die Kommunikation, was dazu führt, dass Verhandlungen immer wieder scheitern. Ein ähnliches Muster kann bezüglich deutsch-brasilianischer Verhandlungen bestätigt werden. Was deutsch-schwedische Verhandlungen betrifft, lassen sich weniger Schwierigkeiten aufzählen, da Deutschland und Schweden sehr ähnliche Kulturcharakteristika aufweisen. Jedoch besteht die Gefahr, dass einzelne Kulturspezifika zu gegenseitigem Unverständnis und somit zu Reibungsverlusten führen. Diese spezifischen Unterschiede wurden dargelegt und erklärt.

Die Arbeit hat sich sodann mit der Möglichkeit beschäftigt, Mediation als Instrument zu nutzen, um kulturelle Barrieren in Verhandlungen zu überwinden. Es hat sich bestätigt, dass Mediation ein wertvolles Potential besitzt, kulturbedingte Missverständnisse zu verhindern, wenn einige, wichtige, Voraussetzungen beachtet werden. Diese Voraussetzungen betreffen sowohl die Person des Mediators als auch des Mediationsprozesses an sich. Mediation besitzt ein systemimmanentes Potential, schwierige Verhandlungen zu unterstützen und zwischenmenschliche Konflikte zu verhindern. Bei inter-kulturellen Verhandlungen ist es jedoch notwendig, einen Mediator zu wählen, der zusätzlich zu seiner Qualifikation als Mediator in inter-kultureller Kommunikation geschult ist. Nur dann wird er in der Lage sein, kulturkritisches Verhalten zu erkennen und derart in den Kommunikationsprozess einzugreifen, dass er effizienter wird.

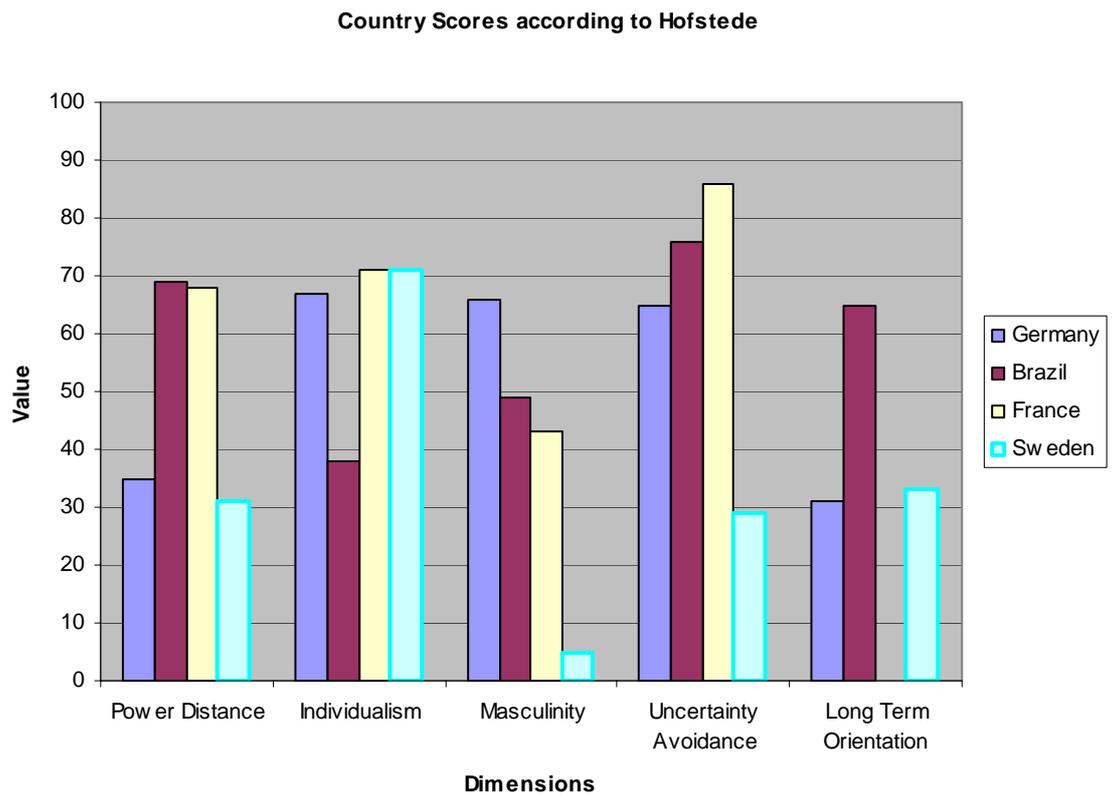
Richtig angewendet ist Mediation ein wertvolles Instrument, um kulturelle Zusammenstöße in Verhandlungen zu verhindern und Verhandlungsergebnisse somit zu verbessern.

## Appendix 3

## Country Scores According to Hofstede's Research

	Power Distance	Individualism	Masculinity	Uncertainty Avoidance	Long Term Orientation
<b>Germany</b>	35	67	66	65	31
<b>Brazil</b>	69	38	49	76	65
<b>France</b>	68	71	43	86	-
<b>Sweden</b>	31	71	5	29	33

Source: Hofstede, *Culture's Consequence*



## Summary of the Interview with Dennis Domansky

**Date: 14<sup>th</sup> January 2004**

**Subject: His experiences when working in a Swedish Company and when studying in Sweden**

Dennis Domansky is a business law student at the Polytechnical University in Lüneburg. He has worked for three years for a German subsidiary of a Swedish Company in Germany. Moreover he spent a semester at Jönköping University in Sweden.

When asked about differences to Germany, communication style and conflict behaviour, Dennis Domansky told the following:

The Swedes are even more “obsessed” with punctuality than Germans. While in Germany a delay of five minutes can still be excused, in Sweden unpunctuality - also a 5 minutes delay - is considered an insult. An example of Swedish punctuality is the rail. If a train is scheduled to arrive at 10:33 o’clock, it will arrive at 10:33 o’clock.

In meetings people are very focussed on facts. They are very professional and very direct with regard to professional criticism. What they do not do is criticise personal traits. They are very consensual and diplomatic when it comes to personal relationships. Regarding personal relationships they are rather secretive. They are polite and nice to everyone, but this does not automatically mean friendship. Someone a person meets at a party one night may not greet the person the next day. Small-talk is very limited. It is used as a short introduction for meetings for instance, i.e. when there is a goal in the conversation, but it is not necessarily done just to be friendly when meeting someone by accident.

Criticism regarding professional aspects is welcome and common. This applies to everyone. It is not unusual that a Swedish professor gives a student feedback during a lecture, telling him that his presentation did not live up to quality expectations. On the other hand, students are also allowed to criticise their professors if they find that something was not sufficiently explained by them.

Swedes are used to being very informal. There is a saying in Sweden that one only calls the royal family by the last name. Practically everyone is called by their first names and the informal “du”.

It is noticeable that women in Sweden tend to be more self-confident, more robust and less feminine. As a fact there are more women in Swedish parliament than in Germany. Also in the university there were more female professors than in the German university.

Jönköping's population is mostly protestant, between 80 – 90 %. For Germans from the South of Germany it seemed to be more difficult to adapt to the rather uncommunicative style.

The company that Dennis Domansky has worked with for three years is a German subsidiary of a Swedish enterprise. While the employees were mostly Germans the general manager in Germany was Swedish. He attracted attention because of his low emphasis on his position. He was a 60-year old male and used to introduce himself with "Hi, my name is Claas." This was very irritating for the Germans who kept addressing each other by the formal "Sie" and last names. Especially for apprentices it was irritating having to call the heads of department by the last name and the general manager by the first name.

Working methods also differed. In accordance to Swedish business culture an attempt was made to achieve high involvement of all employees by inviting them to a round-table meeting. Every department was invited to send one representative: gate keepers, apprentices and department heads. The system that works efficiently in Sweden was not accepted in Germany. Probably the Germans were afraid of publicly pronouncing their criticism, while Swedes are more used to treating everyone the same way and thus everyone may criticise others, even if they are at a higher hierarchical level. In Sweden there is a strong tendency to make everyone feel equally important. This can also be seen comparing Swedish salaries with German salaries. In Sweden a manager does not earn much more than a blue-collar worker. The negative point about this attitude of making everyone equal is that presently there is a high "brain drain" of high potentials from Sweden to other countries. These young, very qualified professionals claim that it does not make much difference in Sweden if you are highly qualified or if you are a blue-collar worker. Seeking higher income and recognition they go abroad for their careers.

Another point mentioned was that doors are generally open and everyone is encouraged to step in. Teamwork is highly valued. This was also the case in the university where all classes included team-work assignments.

## Appendix 5

### Working days lost through industrial action per 1,000 employees, 1998-2002

.	1998	1999	2000	2001	2002 (partial figures only)
Austria	0	0	2,947	0	10,000-20,000
Belgium	87,435	26,382	25,482	142,617	nd*
Denmark	3,173,000	91,800	124,800	59,500	nd
Finland	133,203	18,953	253,838	60,645	nd
France	353,176	573,561	809,86	703,586	nd
Germany	16,000	79,000	11,000	27,000	nd
Greece	189,4	5,700*	nd	nd	102,100
Hungary	3,911	176,300	636,267	11,676	nd
Ireland	37,374	215,587	97,046	114,613	17,902
Italy	580,429	909,143	884,143	878,286	4,066,143
Luxembourg	19,860	0	2,000	0	500
Netherlands	33,200	75,800	9,400	45,100	nd
Norway	286,407	7,148	496,568	619	nd
Poland	42,741	106,893	74,266	4,200	nd
Portugal	94,755	67,480	40,545	nd	nd
Slovakia	nd	0	0	0	0
Spain	1,263,500	1,477,500	3,577,300	1,917,000	nd
Sweden	1,677	78,735	272	11,098	838
UK	282,00	242,000	499,000	525,000	892,800

Source: EIRO [www.eiro.eurofound.eu.int](http://www.eiro.eurofound.eu.int)

\*= not delivered

**Trade union membership**

Country	Density (%)
Denmark	87.5
Finland	79.0
Sweden	79.0
Belgium	69.2
Luxembourg	50.0
Ireland	44.5
Austria	39.8
Italy	35.4
Greece	32.5
Portugal	30.0
Germany	29.7
UK	29.0
Netherlands	27.0
Japan	20.7
Spain	15.0
USA	13.5
France	9.1

Source: EIRO

[www.eiro.eurofound.eu.int](http://www.eiro.eurofound.eu.int)

## Summary of the Interview with Jerome Lorrain

**Date:** 17<sup>th</sup> January 2004

**Subject:** His experiences with bi-cultural training at JPB

Jerome Lorrain is a French employee at Kuehne & Nagel S.à.r.l. in Luxemburg. Kuehne & Nagel originally is a German company, which has its headquarters in Switzerland, has worldwide offices, but which – at least in Luxemburg – is still very much a German company. Mr. Lorrain is the warehouse manager in Luxemburg. This section consists of a very mixed work-force, mainly French, but also Italian, German and Luxembourger.

In order to improve German/French cooperation and communication at Kuehne & Nagel, Luxemburg Mr. Lorrain, with approx. 12 other participants, took part at a JPB Intercultural Training in February 2003.

The first task of the training session was to split into cultural working groups, either German or French

From his own working experience, having studied at a French university with a strong focus on internationalisation, then working in England and later in Luxemburg for a German company, Mr Lorrain assumed belonging to the German working group, since he had no real working experiences in France. After a short while however, he decided to change to the French working group, since he felt that it was the group whose attitudes he understood more profoundly. Another factor was that he wanted to learn more about his own culture.

The first training day the groups were asked to build towers in their separate working groups. After a while, the rules were suddenly changed. It could be observed that while the French group was working in a less coordinated way, this group found it easier to adapt to sudden changes. For the German group this was more difficult to accept. The exercise was filmed on video and these videos were used by the trainers to give a detailed feedback, both, to the whole group, and to the single actors.

The next day the groups had to work together. This task felt more difficult at first than in the culturally separate groups, but due to continuing feedback in the second half of the day synergies were identified and successfully employed.

Thereafter, the roles were changed. People showed the other party the clichés they had about them, e.g. unpunctual and chaotic French, well organised, but inflexible Germans. The aim was to find out which clichés exist and to work on them. French could improve their image for example by using an agenda, using action plans etc. Germans were told that they could try to be less strict, to stop focussing solely on tasks and to get more involved with people. For a participating Airbus manager it was a real revelation that during a day of 8 hours of cooperation, meetings etc. one could engage in 30 minutes of personal conversation. It was also pointed out that during a break, in the canteen for instance, French do not like to talk about work.

In a summary, Jerome Lorrain, found the training valuable for himself. It has helped him to pay more attention to “reading between the lines” and, depending on what a situation demanded, to adapt to a French or German working mentality. While working with the French he learned that it is vital to build up a relationship of trust, whereas working with Germans the main focus is to make clear and direct statements which save time.

As to organizational questions it rests to mention that the training was simultaneously translated into German and French by high quality translators.

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<a href="http://www.destatis.de">www.destatis.de</a>	German Federal Statistical Office
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<a href="http://www.eiro.eurofound.eu.int">www.eiro.eurofound.eu.int</a>	European Industrial Relations Observatory on-line
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<a href="http://www.europa.eu.int">www.europa.eu.int</a>	Official Website of the European Union
<a href="http://www.globalcorruptionreport.org">www.globalcorruptionreport.org</a>	Global Corruption Report
<a href="http://www.haskayne.ucalgary.ca/">www.haskayne.ucalgary.ca/</a>	
<a href="http://GLOBE/Public.index.htm">GLOBE/Public.index.htm</a>	GLOBE Project Homepage
<a href="http://www.iccwbo.org">www.iccwbo.org</a>	International Chamber of Commerce
<a href="http://www.icmassociates.com">www.icmassociates.com</a>	Inter Cultural Management Associates
<a href="http://www.ihk-trier.de">www.ihk-trier.de</a>	Chamber of Commerce, Trier (Germany)
<a href="http://www.isa.se">www.isa.se</a>	Invest in Sweden Agency (Government Agency responsible to the Ministry for Foreign Affairs)
<a href="http://www.ppgte.cefetpr.br">www.ppgte.cefetpr.br</a>	Homepage Post-Graduate Programme in Technology of CEFET-PR (= School of Higher Technical Education, Paraná, Brazil)

<a href="http://www.sdcassociates.com">www.sdcassociates.com</a>	SDC & Associates, Incorporation (Construction Consultants)
<a href="http://www.sietar.org">www.sietar.org</a>	Society for Intercultural Education, Training and Research (Global Website)
<a href="http://www.sietar.de">www.sietar.de</a>	Society for Intercultural Education, Training and Research (German Organisation)
<a href="http://www.sweden.se">www.sweden.se</a>	Sweden's official website for information operated by the Swedish Institute
<a href="http://www.transparency.org">www.transparency.org</a>	Transparency International
<a href="http://www.victorian.fortunecity.com/statue/44/ai1.html">www.victorian.fortunecity.com/statue/44/ai1.html</a>	Site about Portuguese, Brazilian and African culture
<a href="http://www.wdhb.com">www.wdhb.com</a>	WDHB Consulting Group
<a href="http://www.worldbank.org">www.worldbank.org</a>	The World Bank Group

## Written affirmation

I affirm that I composed the matter in hand. I did not use any other but the stated sources and auxiliaries.

Winsen, April 6<sup>th</sup> 2004

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(Helena Maria T. Alves)