Impact of Culture on Employee Negotiations in IT Services Industry of India

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Abstract

Negotiation, a process for people, with same or varied interests, to arrive at a particular goal, is affected by many factors, culture being one of the most prominent factors, as it has the potential to change the outcome of the negotiation, even before the actual process has occurred. It is not only culture per se, but the stereotype of culture also that affects the negotiation process as it creates a perceptual distortion. This paper studies how the differences in culture affect the various aspects of negotiation, such as, negotiation process being integrative bargaining or Distributive bargaining, negotiation being relationship-oriented or task-oriented, openness to negotiate with people of other cultures, the role of perception of stereotypes in negotiation and the extent of formality in negotiation. 30 professionals, working in primarily service sector, across cities of India, were surveyed to understand the effect of culture on various factors of negotiation, hence affecting the negotiation process in result.

Keywords- Negotiation, Culture, Stereotype, Perception, Ethnicity, Heuristic

Introduction

Negotiation is an intrinsic part of business. Employees negotiate with internal customers as well as the external customers of the company. It is therefore, important to understand the factors affecting negotiation process, such as culture of the negotiators. Culture is defined as a set of shared values, and beliefs that characterize national, ethnic and other groups and orient their behaviour (Lewicki *et al.*, 2010). This orientation of behaviour is the element of interest in this study. Culture shapes the way we think, and the reason can be attributed to either nature or nurture. People belonging to different cultures, hence, (appear to) negotiate differently. It is not just the act of negotiating, or the dialogue in negotiations, people from different cultures also interpret the basic processes of negotiation in a different manner. It is akin to a white coloured object being looked at in different colours, depending upon the colour of the lenses worn by the spectators. Although for all reasons and purposes, India is one country, the amount of diversity is so huge that India can be easily compared to a continent, and each of its states a country of its own. Each state has its own distinct culture, the invisible but extremely prominent underlying current that characterizes each city, the unspoken rules, varying lifestyles, different customs and traditions unique to each city, district or village. Several different factors decide the process and outcome of negotiation, as it is very well known, and emphasized in certain cultures that it is not just the outcome, but the process of negotiation is equally important (Jeswald *et al.*, 2004). Some people view negotiation as merely a transactional exchange, while some others view negotiation as a potential cause for conflict (Shilri *et al.*, 1999)The thinking of self is also influenced by culture, as are our prejudices. It is important to learn about the opposite culture's custom prior to negotiation as it may help in avoiding misunderstanding, that may be hard to undo while the negotiation is underway (Deari *et al.*, 2008).

Literature review

National cultures can be understood along four dimensions of communication, which are power distance Index (high versus low), individualism versus collectivism, masculinity versus femininity, and uncertainty avoidance Index (high versus low) (Greet *et al.*, 1984.).According to an anthropological point

of view, culture is "that complex whole which includes knowledge, belief, art, morals, law, custom and any other capabilities and habits acquired by man as a member of society"(Helen *et al.,*2012) However, according to accumulation of experience, culture can be thought of as the derivatives of experience, more or less organized, learned or created by the individuals of a population, including those images and their interpretations transmitted from past generations, from contemporaries or formed by individuals themselves. Here, culture is seen as a sum total of experiences, shared amongst common people. While we are analyzing culture, we need to understand that it is not just the visible and verifiable artefacts which come into play, it is also the underlying assumptions (Helen *et al.,*2012).Culture is also seen as creating and modifying perception, influencing thinking and subsequently behaviour, as the collective programming of the mind which distinguishes the members of one group or category of people from another (Greet *et al.,* 1984). Culture is also defined as a fuzzy set of basic assumptions and values, orientations to life, beliefs, policies, procedures and behavioural conventions that are shared by a group of people, and that influence (but do not determine) each member's behaviour and his/her interpretations of the 'meaning' of other people's behavior. Another way of looking at culture consists of searching for patterns, explicit and implicit, of and for behaviour acquired and transmitted by symbols, constituting the distinctive achievements of human groups, including their embodiment in artefacts; the essential core of culture consists of traditional (i.e. historically derived and selected) ideas and especially their attached values; culture systems may, on the one hand, be considered as products of action, on the other, as conditional elements of future action" (Kroeber *et al.,*1952). Culture is also inherited wherein the set of attitudes, values, beliefs, and behaviours shared by a group of people, but different for each individual, are communicated from one generation to the next (Matsumoto *et al.,*1996). It is of particular advantage to the negotiator to understand differences in negotiating due to culture, as culture also affects allocation of rewards in business transactions (Kwok *et al.,*1997).

Research Methodology

The data collection method used in this study is a survey wherein 30 professionals working in the information technology services sector in Bangalore, Delhi, Chennai, Hyderabad, Coimbatore and Bombay were surveyed through a questionnaire containing a 5 point Likert scale, based on convenience sampling. The first factor in this study, which affects negotiation, is the approach an individual brings to the negotiation, the degree to which one displays formal behaviour, which is the expected norm in some societies, a mark of respect in some others, but in some other cultures, being very formal is looked upon as being too highbrow and snobbish. Some cultures place a higher emphasis on face-to-face interaction, i.e, negotiation outcomes are likely to be more favourable if there is face-to-face contact, as it helps in building of rapport (Aimee *et al.,*1998) The same individual, on meeting different counterparts, observes the counterpart's behaviour (Jude *et al.,* 2007) consciously or unconsciously, not much unlike a predator, and according to his/her objective (to intimidate, to flatter) adapts his/her own behaviour. The second factor is the negotiating attitude the individual displays in the negotiation: whether the individual undertakes negotiation with an integrative goal or a distributive goal. The implicit question here is that is the individual interested in the other party being benefitted too, besides himself / herself or is he/she chiefly interested in the benefit of self? Does he/she opt for cooperation and collaboration or are they competitive? The negotiating interaction or the code displayed by the individual may either be naturalistic or simulated (William *et al.,*1984). Also, different cultures have different constructs of the self, the counterpart and the extent of dependence between the self and others (Hazel *et al.,* 1991).The third factor considered is the focus of the negotiator: does the negotiator give more importance to task-building or to relationship-building? Teams which are cooperative tend to achieve superior outcomes in negotiation (Laurie *et al.,*1993). The fourth factor considered is the readiness an individual displays in negotiating with a person from a different culture. The underlying question here is if the individual will negotiate in the same manner with the person of another culture, or will the difference in culture consciously or sub-consciously affect the negotiation process or outcome or both?

The fifth factor considered is the effect of existing cultural stereotypes on perception of an individual in perception. Does the stereotype of the culture precede the person himself/herself? Do people let stereotypes dictate the process of negotiation? Or worse, do people form lasting impressions of the other party even before the negotiation commences? The sixth factor considered is the importance people give to the adherence of deadlines in particular, and to timeliness in general. Some cultures follow rules and deadlines to a T, but some other cultures are (relatively more) flexible about timelines(Pant, B *et al.,* 2016), and an absence of the knowledge of the viewpoint of the other party on adherence to deadlines and timeliness can spell trouble for the negotiator, as it may lead to frustrations, misconceptions or worse, escalations in negotiation or manifestation of the misunderstanding on other, more critical areas of negotiation leading to heavy financial losses, which can otherwise be averted by a basic understanding of the other person's time orientation. Even in a small European country such as Belgium, two different cultures exist which have different ways of thinking of time. The Flemish-speaking population are highly punctual but the French-speaking population are not known for their strict adherence to timelines. Intercultural negotiations may sometimes lead to less-than-expected outcomes, while intracultural negotiations may be far superior in the quality and quantity of negotiation outcomes (Jeanne *et al.,* 1998).

Analysis and Result

Approach to negotiation: communication approach

In the first factor, for example, people of Coimbatore were relatively more informal in their ways of conducting negotiation as compared to Bangalore which was on the other extreme. The city with optimum mix of formality and informality was Bombay.

Informal   Coimbatore   Delhi   Bombay   Chennai   Hyderabad   Bangalore   **Formal**
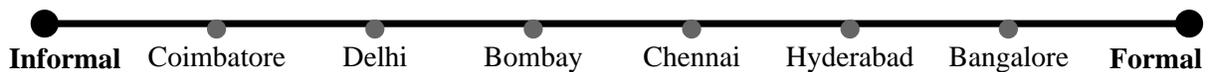
Negotiating attitude: integrative or distributive?

The second factor considered is the attitude displayed by the individual in negotiation. Is he/she playing with a win-win frame of mind or is it win-lose. The former is also referred to as integrative negotiation and the latter as distributive bargaining. Bombay was found to be as the most integrative city in this study.

Distributive   Delhi   Chennai   Coimbatore   Bangalore   Hyderabad   Bombay   **Integrative**
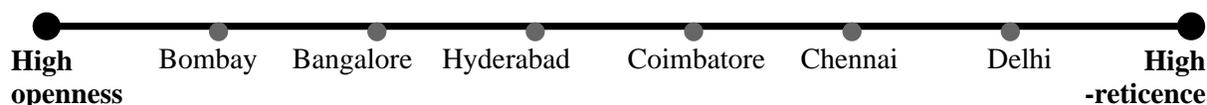
Negotiation focus: task-oriented or relationship-oriented?

Generally, when the negotiation is a one-off occurrence, there is more likelihood of individuals being task-oriented. But when there is a high probability of future interaction, then it is advisable for even the most distributive, fixed-pie enthusiasts to opt for a more cooperative and people-oriented stance. Again, Bombay, takes the cake in relationship-oriented negotiations.

Task-oriented   Bangalore   Chennai   Coimbatore   Hyderabad   Delhi   Bombay   **Relationship-oriented**
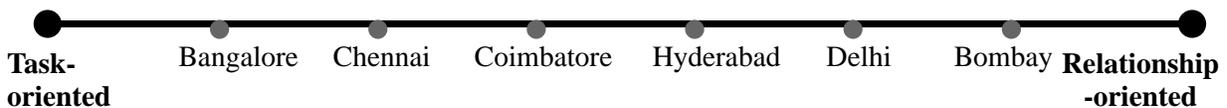
Negotiation: openness to negotiate with an individual of a different culture

Incidentally, the Big 5 dimensions of personality also talks about Openness to experience as being one of the fundamental attributes of personality. Openness to negotiate with a different culture shows the extent of readiness of a person to step out of the comfort zone and interact and negotiate with a person of a completely different culture. Do people like to only negotiate with people of the same culture, same background? Or do people have different manners of negotiating with people of different cultures?

●————————●————————●————————●————————●————————●————————●————————●
High   Bombay   Bangalore   Hyderabad   Coimbatore   Chennai   Delhi   **High**
openness   **-reticence**

Adherence to deadlines
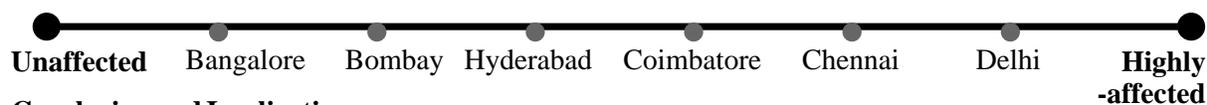
Some cultures are known for their almost religious fervour towards punctuality, but some other cultures are the opposite: time is mostly only for book-keeping and for little else. Understanding time-orientation, or the lack of it, could, in the worst scenario, make or break the negotiation. Delhi is viewed to be as the city which gives least importance to the adherence to deadlines and Bangalore is seen as the city which gives utmost importance to adherence to deadlines.

●————————●————————●————————●————————●————————●————————●————————●
Unimportant   Delhi   Coimbatore   Chennai   Bombay   Hyderabad   Bangalore   **Highly**
                                                       -important
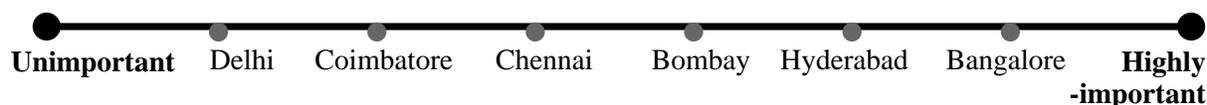
Negotiation: role of stereotypes on perception of negotiator

Most popular cultures are tagged with stereotypes. The implicit question here is that does the individual allow the stereotype to precede the negotiator or vice versa? Stereotypes are inevitable but are acceptable as long as they give individuals a hint in the direction of the negotiator, a clue in the thinking and the perspective of the negotiator but when stereotypes begin to overshadow the negotiator, that is when the problem begins. The question whether stereotypes do more harm than help is a topic that interests many researchers and industrialists alike.

●————————●————————●————————●————————●————————●————————●————————●
Unaffected   Bangalore   Bombay   Hyderabad   Coimbatore   Chennai   Delhi   **Highly**
                                                       -affected

Conclusion and Implications

It can be clearly seen that the part of the world, or India in this case, that a person is from, has a huge effect on the manner of conducting negotiation as it has a distinct culture of its own which influences nature and nurture of the individual, subconscious beliefs, and stereotypes. Culture influences the way an individual processes information, culture impacts common heuristics that effect perception of an individual such as selective perception, and availability heuristic. In a nutshell, factors which affect negotiation are impacted by culture of the individual. For example, a culture which stresses individualism such as that of the United States of America would be more likely to give importance to distributive bargaining or task-oriented relationship. This has important implications so far as growing businesses and clinching opportunities is concerned. An understanding of the culture of the other party is a step toward interpreting the actions of the other party, the thinking process involved in formulating BATNA, understanding ZOPA, and a step towards understanding the negotiation tactics and strategies of the opposite party. Understanding culture of a negotiator translates into understanding the right and wrong in the eyes of the negotiator in question, and conforming to these deductions could go a long way in the world of business opportunities. Understanding the opposite party's culture is vital in bridging gaps made by cultural differences. That is not to say that there are no costs involved, in fact, there are a lot of psychological challenges in adapting one's negotiating behavior to suit a foreign culture (Andrew *et al.,* 2007)

Even trivial gestures in a negotiation such as shaking of hands, open or closed body language, eye-contact, forms of address, silence, small-talk, too much talk, casual conversations, distance amongst group-members can be unfamiliar and unsettling for people from different cultures, and/or even these gestures can be read and interpreted in different ways by different cultures. In some cultures, for instance, avoiding eye-contact and bowing one's head is considered as a mark of respect and reverence for the person present before them, but the same behavior in some other cultures, will be interpreted as a sign of guilt, suspicion, shady activity and a lack of trust. Communication difficulties due to a difference in cultures, when properly identified and addressed, can go a long way in achieving a win-win outcome for

all parties involved (Cristina *et al.,*1997).

An important lesson for business organizations in today's era of globalization is that cross-cultural training is an important element of international business (Jeswald *et al.*, 2004); one may even say that cross-cultural training falls under the umbrella of strategic human-resource management. It is not enough to know what is disapproved of by the opposite culture, but it should also be known what is given importance in the other culture. While it is of utmost importance to understand the role played by culture in negotiations, it is important not to fall in the pit of the cultural attribution error, that is assigning too much importance to culture. The reason for a negotiator's behaviour may be anything as permanent as his personality type to something as situational and arbitrary as his/her being agitated over a flight delay, and anything in between. Similarly silence, which does not even deal with language, its nuances, the tone of it, the volume, the type of words used, the variations on emphasis placed on words, or even within a single word, the amount and the quality of it can be construed as anything from insolence to dignity to fear, or even something as mundane as boredom.

Any one reason could be a potential cause, or maybe even a combination of these, but assigning too much weight to cultural factors could lead to the cultural attribution error. It is equally important to acknowledge that just as there are many differences amongst cultures, there is also a high probability of differences within a single culture. Understanding of the impact of culture on negotiation not only helps understand the vantage point of the third party, but it also undeniably holds up a mirror to the negotiator in that it helps the negotiator understand how his/her own behaviour appears to the opposite party, and more importantly, what is it the negotiator can do to turn the tables in his/her favour or towards an integrative disposition, as it is considered a fair negotiation by many cultures the world over. The caveat here, is that even though knowledge of the other person's culture may give a hint about the impending negotiation process, negotiators must be open, agile and on the lookout constantly for changing their views as and when new information is being gathered.

Annexure: Questionnaire

1. How would you rate the communication-style in your negotiations?

   Highly informal   Fairly informal   Neutral   Fairly formal   Highly formal
   ☐   ☐   ☐   ☐   ☐

2. How would you rate your negotiating attitude?

   Highly Distributive   Fairly Distributive   Neutral   Fairly Integrative   Highly Integrative
   ☐   ☐   ☐   ☐   ☐

3. Where would you place the focus of your negotiation?

   Highly Task-oriented   fairly task-oriented   Neutral
   ☐   ☐   ☐

   Fairly relationship-oriented   Highly relationship-oriented
   ☐   ☐

4. Rate your readiness to conduct negotiations with a person/team of a different cultural background.

   Highly unwilling   fairly unwilling   Neutral   Fairly willing   Highly willing
   ☐   ☐   ☐   ☐   ☐

5. Do you agree with this statement: "My perception is affected by the cultural stereotype of the other negotiator."?

   Strongly disagree   Disagree   Undecided   Agree   Strongly agree
   ☐   ☐   ☐   ☐   ☐

6.   How important do you think adherence to deadlines is, in a negotiation?

Unimportant   moderately important   Quite important very important   Extremely important
☐   ☐   ☐   ☐   ☐

7.   How important are direct methods of communication to you, as a negotiator?

Unimportant   moderately important   Quite important very important Extremely important
☐   ☐   ☐   ☐   ☐

8.   Do you agree with this statement, "Facial expressions and gestures are indicative of the direction of negotiation"?

Strongly disagree   Disagree   Undecided   Agree   Strongly agree
☐   ☐   ☐   ☐   ☐

9.   How important to you is actively listening to, and understanding the opposite party's objectives in a negotiation?

Unimportant   moderately important   Quite important very important   Extremely important
☐   ☐   ☐   ☐   ☐

10.   Do you agree with this statement,"It is equally important for the other negotiator to achieve his/her objectives"?

Strongly disagree   Disagree   Undecided   Agree   Strongly agree
☐   ☐   ☐   ☐   ☐

11.   Rate your readiness to interact with and exchange information with a person/team of a different cultural background.

Highly unwilling   fairly unwilling   Neutral   Fairly willing   Highly willing
☐   ☐   ☐   ☐   ☐

12.   Do you agree with this statement," I believe and share cultural stereotypes in spite of not having met with the person or anyone belonging to the particular culture."

Strongly disagree   Disagree   Undecided   Agree   Strongly agree
☐   ☐   ☐   ☐   ☐

13.   Do you agree with this statement," Very often, the behaviour of the person of a particular culture matches exactly with the cultural stereotype"?

Strongly disagree   Disagree   Undecided   Agree   Strongly agree
☐   ☐   ☐   ☐   ☐

14.   How important is it for your negotiating counterpart to work on the project according to the timelines discussed?

Unimportant   moderately important   Quite important very important   Extremely important
☐   ☐   ☐   ☐   ☐

15.   Do you agree with this statement,"I accept that, in the middle of the project, the timelines are changed."

Strongly disagree   Disagree   Undecided   Agree   Strongly agree
☐   ☐   ☐   ☐   ☐

16.   Do you agree with this statement, "It is acceptable to me if changes are introduced in the project, after finalizing proposal, under previous timelines".

Strongly disagree	Disagree	Undecided	Agree	Strongly agree
☐	☐	☐	☐	☐

17.　Do you agree with this statement," I take an interest in those aspects of negotiator which do not include the process of negotiation"?

Strongly disagree	Disagree	Undecided	Agree	Strongly agree
☐	☐	☐	☐	☐

18.　Do you agree with this statement,"I interact with negotiator solely in relation to the negotiation process"?

Strongly disagree	Disagree	Undecided	Agree	Strongly agree
☐	☐	☐	☐	☐

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