THE INFLUENCE OF CULTURE, INDIVIDUAL DIFFERENCES AND TIME PRESSURE ON NEGOTIATION STYLES OF IRANIAN AND MALAYSIAN BUSINESS NEGOTIATORS

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TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF ABBREVIATIONS

β .... Regression Coefficient
CMV .... Common Method Variance
N .... Number of the Respondents
R^2 ....Coefficient of determination
S.E .... Standard Error
SET ....Social Exchange Theory
SPSS ....Statistical Package for Social Science
t ....t-value
VIF ....Variance Inflation Factor

PENGARUH BUDAYA, PERBEZAAN INDIVIDU DAN TEKANAN WAKTU KE ATAS GAYA PERUNDINGAN PARA PERUNDING PERNIAGAAN IRAN DAN MALAYSIA

ABSTRAK

Kajian ini meneliti pengaruh budaya dan perbezaan individu dari segi personaliti, kecerdasan emosi dan jantina ke atas gaya perundingan (bersaing, berkolaborasi, berkompromi, mengelakkan dan menampung) kedua-dua para perunding perniagaan dari Iran dan Malaysia.Kajian ini juga meneliti kesan kesederhanaan tekanan masa ke atas hubungan antara budaya dan gaya rundingan para perunding perniagaan dari Malaysia dan Iran.Teknik persampelan bertujuan bukan rawak telah digunakan untuk mengumpul data melalui soal selidik yang dihasilkan dari literatur dan kajian yang berkaitan. Data dianalisis dengan menggunakan perisian SPSS. Hasil kajian menunjukkan bahawa dimensi budaya (kolektivisme, kelakian, jarak kuasa dan pengelakan ketidaktentuan) mempunyai pengaruh yang besar ke atas gaya perundingan kedua-dua perunding perniagaan Iran dan Malaysia. Di samping itu, berdasarkan hasil analisis data (analisis regresi berganda), gaya bekerjasama, bertolak ansur dan bertimbang rasa telah diketengahkan sebagai gaya perundingan yang paling digemari oleh perunding perniagaan Iran (mengikut nilai mutlak pekali β). Bersaing dan mengelakkan gaya telah diketengahkan sebagai gaya perundingan yang paling digemari oleh perunding perniagaan Malaysia (mengikut nilai mutlak pekali β). Selain itu, ditunjukkan bahawa personaliti (kestabilan dan keplastikan) dan kecerdasan emosi (ekspresif dan terkawal) mempunyai pengaruh yang besar ke atas gaya perundingan kedua-dua perunding perniagaan Iran dan Malaysia. Dari segi jantina, perunding perniagaan lelaki dari kedua-dua negara lebih memilih gaya bersaing dan mengelakkan, manakala perunding perniagaan wanita pula memilih

gaya bekerjasama, bertolak ansur dan bertimbang rasa. Kajian ini juga mendapati bahawa tekanan masa mempunyai kesan kesederhanaan yang besar ke atas hubungan antara budaya (kolektivisme, kelakian, jarak kuasa dan pengelakan ketidaktentuan) dan gaya perundingan (bersaing, bekerjasama, bertolak ansur, mengelakkan dan bertimbang rasa), di mana perunding perniagaan kurang mempamerkan gaya bekerjasama dan bertolak ansur ketika menghadapi tekanan masa. Sebaliknya, ketika mengalami tekanan masa, perunding perniagaan menunjukkan kecenderungan yang lebih kuat untuk gaya bersaing dan pengelakan.

Kata kunci: gaya rundingan, budaya, personaliti, kecerdasan emosi, jantina, tekanan masa, Iran, Malaysia.

THE INFLUENCE OF CULTURE, INDIVIDUAL DIFFERENCES AND TIME PRESSURE ON NEGOTIATION STYLES OF IRANIAN AND MALAYSIAN BUSINESS NEGOTIATORS

ABSTRACT

The present study examined the influence of culture and individual differences in terms of personality, emotional intelligence and gender on negotiation styles (competing, collaborating, compromising, avoiding and accommodating) of both Iranian and Malaysian business negotiators. This research also investigated the moderating effect of time pressure on the relationship between culture and negotiation styles of business negotiators from Malaysia and Iran. Non-random purposive sampling technique was applied to collect data through survey questionnaire developed from related literature and studies. The data were analyzed by using SPSS software. Findings indicated that dimensions of culture (collectivism, masculinity, power distance and uncertainty avoidance) had significant influences on negotiation styles of both Iranian and Malaysian business negotiators. In addition, based on the results of data analysis (multiple regression analysis) collaborating, compromising and accommodating styles were highlighted as the most preferred negotiation styles of Iranian business negotiators (according to the absolute value of β coefficient). Competing and avoiding styles were highlighted as the most preferred negotiation styles of Malaysian business negotiators (according to the absolute value of β coefficient). Besides, personality (stability and plasticity) and emotional intelligence (expressive and restrained) showed significant influences on negotiation styles of both Iranian and Malaysian business negotiators. In terms of gender, male business negotiators from both countries preferred competing and avoiding styles, whereas, female preferred collaborating, compromising and accommodating styles.

The present study also found that time pressure had a significant moderating effect on the relationship between culture (collectivism, masculinity, power distance and uncertainty avoidance) and negotiation styles (competing, collaborating, compromising, avoiding and accommodating) in which less collaborating and compromising were shown by business negotiators in the presence of time pressure. In contrast, in the presence of time pressure, stronger preference of competing and avoiding styles of negotiation was shown by business negotiators.

Keywords: negotiation styles, culture, personality, emotional intelligence, gender, time pressure, Iran, Malaysia.

CHAPTER 1

INTRODUCTION

1.1　　　　Introduction and Background of the Study

In the global interdependent economy, it is crucial for international multinational companies and international small and medium enterprises to understand the world trade environment as well as being familiar with their business partner's characteristics in terms of cultural and individual differences in order to communicate at international level effectively. Reduction of trade obstacles and barriers throughout the business world has brought new business opportunities for international companies to expand their business relationship internationally through the use of an international communication with other international companies. In such circumstances, international companies need to communicate and negotiate in order to develop long term mutual supportive relationships with their international partners. Representatives of international companies who are known as negotiators are the main implementers of such relationships (Chaisrakeo & Speece, 2004; Bearden, Netemeyer & Haws, 2011). Thus, individuals who negotiate internationally confront a cross cultural situation which needs an ability to handle cross cultural conflicts as well as individual differences issues among the international parties (Chang, 2003; Cheng, 2010). In practice, international business companies rely on their negotiators as the main connectors for making business communication, minimizing business conflicts, and implementing relationship with other international business parties. Hence, negotiation process is under direct influence of negotiators' culture and individual differences and their ability to adapt to the other

negotiators' culture and individual differences (Metcalf, Bird, Shankarmahesh, Iycan & Valdelanar, 2006; Pullins, Haugtvedt, Dickson, Fine & Lewicki, 2000).

Therefore, business negotiation is a significant part of a business relationship because the result of negotiation process has a direct influence on further business actions. The main goal of conducting business negotiation is to reduce business conflicts and to facilitate business cooperation between international companies. If the negotiation process leads in reduction of business conflicts and issues, cooperation between parties is expected to increase and thus, the negotiators are able to perform efficient business communication (Chaisrakeo & Speece, 2004). International business negotiators know that there are many business conflicts and issues to deal with, which are derived from cross cultural and individual differences issues (Swann, Johnson & Bosson, 2009). Among the solutions for minimizing these international business conflicts and issues, understanding the other international parties' cultural and individual differences in order to enhance negotiators' ability to adapt to these differences are highlighted as prominent solutions (Ogilvie & Kidder, 2008; Swann et al., 2009). This is a critical element in international business negotiation process as behavior shown during a negotiation process is fairly consistent with the negotiators' culture as well as their individual differences. This is because international negotiators from different cultures and backgrounds show their own unique negotiation style and it differs among individuals because of their personal characteristics (Ogilvie & Kidder, 2008).

Negotiation across cultures in any form is a critical part of management discipline in an international business environment. The ability of international negotiators to negotiate and communicate effectively across cultures has a significant influence on the performance of international companies. This is important in order

to make long term mutual relationships with other international business parties (Karakowsky & Miller, 2006). Negotiation in the process of business communication assists the international companies to have a realistic perspective about their international business partner's concerns, conflicts and issues (Yuan, 2010). In addition, conducting efficient negotiation performances based on a realistic perspective about business conflicts and issues enable international companies to reduce risk of failures in the business world (Traavik, 2010). Consequently, international companies with better performances in terms of international business negotiation have a higher survival rate among international companies in a competitive, dynamic and ambiguous international business environment (Carvalho & Sobral, 2003). International companies with better performances in terms of international business negotiation are able to establish specific strategy for their future activities such as exporting, joint ventures and acquisitions. Thus, they are able to create effective plans in continuing their operation in international markets in order to guarantee the future of their business success (Barry, 2008).

International business negotiation constitutes a unique form of conflict management resolution in which international participants negotiate mutually, set their rules and regulations, and later cooperate within these rules and regulations to gain competitive advantage. Negotiation is also a form of conflict management due to its emphasis on proposal exchange as a basis for arriving at a joint settlement (Barry, 2008; Traavik, 2010). In this condition, one of the most critical factors to reach a mutual agreement is to have adequate knowledge of the influence of cultural differences as well as individual differences such as personality characteristics, emotional intelligence and gender on negotiation performance (Ogilvie & Kidder, 2008; Barry, 2008; Miller, 2014). As business trade becomes increasingly

international and competition for global markets is high, international companies without the capability of understanding cultural and individual differences such as personality, emotional intelligence and gender would not operate effectively in foreign markets (Ma, 2008; Griessmair & Koeszegi, 2009; Osman-Gani & Tan, 2002). Consequently, the companies became less competitive due to lack of knowledge about significant determinants of negotiation styles (Cheng, 2010). In the era of increased global cooperation and integrated economy, international companies undeniably negotiate with international partners from different cultures and backgrounds. In such circumstances, understanding the culture of business partners as well as their individual differences (personality, emotional intelligence and gender) will help international companies to reduce barriers and obstacles while trading (Miller, 2014; Nadler, Thompson & Boven, 2003). Since, culture and individual differences have significant influences on negotiators' behaviors, thus, being familiar with business partner's culture and individual differences is vital due to the profound effect of these factors (culture and individual differences) on the way people think, react, communicate and behave while conducting business negotiation (Chu, 2006; Cheng, 2010).

After being familiar with business partners' culture and individual differences, coming to business agreement is the next step. Reaching to a business agreement through the process of negotiation is considered as one of the most complex and sophisticated process of negotiation. In this step, the major goal of international business partners is to address mutual business conflicts, issues and concerns by considering the cultural and individual differences (Sebenius, 2002; Schoenberg, 2004). In addition, Vieregge and Quick (2011) mentioned that culture and individual

differences in negotiation process shape negotiators' behaviors by influencing their attitudes, norms, thinking styles and reactions through their explicit visibility.

Numerous factors such as globalization of the world economy, immigration, ascending diplomatic and educational contacts among societies, the dispersed of science and technology, the mass media and appearance of the internet bring a sense of ambiguity into a business negotiation (Sarala, 2010). Cavusgil, Ghauri and Akcal (2013) mentioned that factors such as cultural differences and similarities, diversity in individual differences such as personality, emotional intelligence and gender as well as time pressure are other significant factors in making business negotiation puzzling. Culture, individual differences such as personality, emotional intelligence and gender as well as time pressure are becoming critical factors in studying and analyzing negotiation behavior of international parties due to their significant effects on business negotiation (Griessmair & Koeszegi, 2009; Miller, 2014, Sarala, 2010; Vieregge & Quick, 2011). Inconsistency through business relationships, business agreements, conflicts management and business misunderstandings are some consequences of these factors (Fatima, Wooldridge & Jennings, 2006; Ma, 2007; Al-Khatib, Malshe, Sailors & Iii, 2011). In addition, business negotiation as one of the elements of managerial practice in the international environment is considered to be culture bound (Hofstede, 1991; Kozan, Wasti & Kuman, 2006). Moreover, variation in terms of individual differences such as personality, emotional intelligence and gender is highlighted as another significant factor in negotiation studies (e.g., Barbuto, Phillips & Xu, 2010; Miles & LaSalle, 2008; Ma & Jaeger, 2010; Reilly & Karounos, 2009). Accordingly, it is expected that specific cultures or specific individuals (according to their personality, emotional intelligence and gender) prefer the use of certain negotiation styles as a result of their characteristics attribute and

their cultural roots (Routamaa & Hautala, 2008; Routamaa, Hautala & Tsuzuki, 2010a; Routamaa, Hautala & Tsuzuki, 2010b; Westbrook, Arendall & Padelford, 2011). Thus, studying and understanding of whether cultural and individual differences in terms of personality, emotional intelligence and gender influence negotiation styles of business people are becoming more vital than ever before (Gunkel, Schlagel & Engle, 2014; Routamaa & Hautala, 2008; Westbrook et al., 2011).

Another important element in negotiation concept is time pressure. Time pressure in the concept of negotiation styles has a significant role in the structure and outcome of business negotiation (Fatimaet al., 2006). International business parties set a common agenda and organize their business negotiation on the basis of time schedules based on their cultural attributes (Stuhlmacher & Champagne, 2000). Thus, different cultures have different attitudes toward the presence of time pressure in business negotiation. Some cultures see time pressure as a form of tension between parties and prefer to take distributive negotiation tactics, while some cultures see time pressure as a key resource and prefer to take integrative negotiation tactics (Zakay, 2009). Thus, time pressure is considered as another important factor in order to investigate its role in the relationship between culture and negotiation styles.

1.1.1 Perspective of Business Trade between Iran and Malaysia

In this section, a brief perspective about the business trade between Iran and Malaysian is presented by focusing on the establishment of a significant international business relationship between these two countries. In addition, the current business trend between Iran and Malaysia is described and the major trades between these two countries are introduced in this section.

In the past few decades (since 1990), Iran and Malaysia as two Muslim countries started to expand their bilateral economic relationships due to the potential opportunities between the two countries. The beginning of bilateral economic relationships between Iran and Malaysia dated back in 1990, when the first economic common commission was established between these two the countries (iranembassy.com.my). Within the years 1990-2000, the major international trade volume focused on crude oil from Iran and rubbers from Malaysia (House of Industry, Trade and Mines of Iran, 2013). However, starting from 2001 onward, an impressive increase in the international trade occurred between these two countries with the participation of private sectors in business interactions. Consequently, international companies started to expand and develop their international relationships in various areas such as furniture, products of wood, aluminium and zinc, and dried nuts (House of Industry, Trade and Mines of Iran, 2013). The following figure and table demonstrate the latest bilateral international trade value and the latest list of export/import by major products between these two countries.
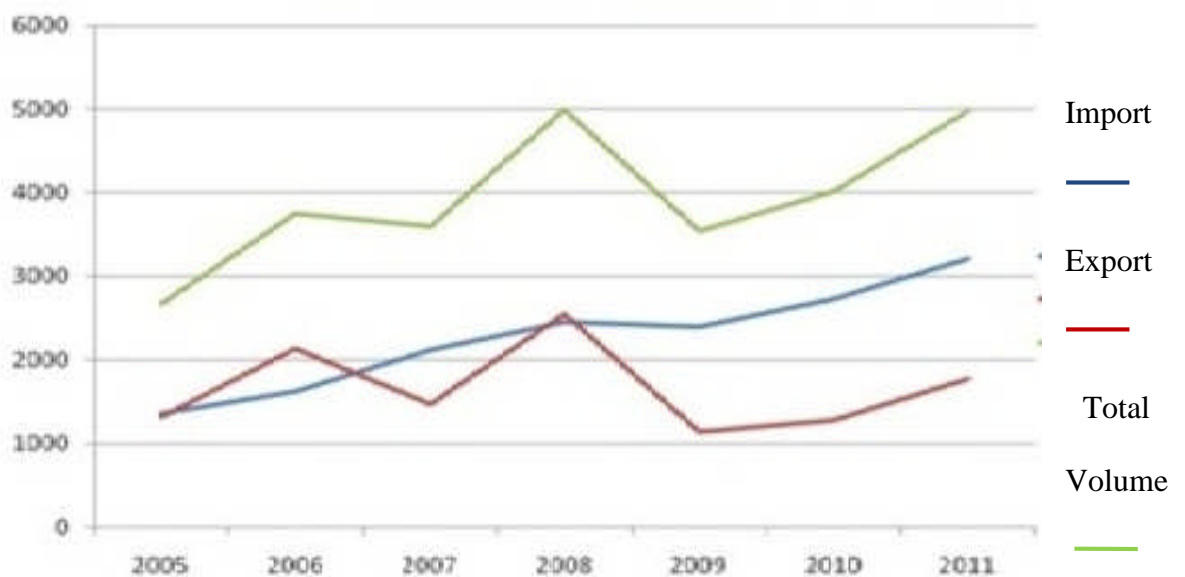
Figure 1.1: Iran-Malaysia Bilateral International Trade Value (Million Ringgit)
Source: House of Industry, Trade and Mines of Iran (2013). Annual Report.

7

As seen in Figure 1.1, starting from 2005, the international volume trade between these two countries has increased considering the fact that since 2008, the UN Security Council passed a number of resolutions imposing sanctions on Iran which had a significant negative effect on Iran international trade program. However, as seen in Figure 1.1, the total international trade volume (i.e., green line) has shown a positive growth since 2009, which indicates that these two counties are interested in expanding their bilateral international business relationships (House of Industry, Trade and Mines of Iran, 2013).

Table 1.1

International Trade between Iran-Malaysia: Export/Import by Major Products

From Iran to Malaysia	From Malaysia to Iran
Oil and gas products	Palm oil
Mineral, chemical, petrochemical	Rubber
Aluminium and Zinc	Chemical and food items
Nuts and dates	Electric and machinery
Electric and machinery	Products of woods
Building materials	Others oil items
Medical instruments	Products of irons
Carpets	Cacao
Copper product	Textile items
Tour and travel	Live animals

Source: House of Industry, Trade and Mines of Iran (2013). Annual Report.

Table 1.1 shows the international trade between Iran and Malaysia in terms of major products. The major exported products from Iran to Malaysia belong to the crude oil, while palm oil is considered as the major exported product from Malaysia to Iran.

According to the vast and growing international business trend between Iran and Malaysia (as shown in Table 1.1 and Figure 1.1), the concept of negotiation should be highlighted because the success of international business relationships depends on the effectiveness of business negotiations (Vieregge & Quick, 2011). A successful business negotiation minimizes business conflicts and concerns between international parties by creating a mutual conflict resolution that both international

8

parties attain their goals (Fang, Worm & Tung, 2008). This process is realized through enhancing awareness about the role of culture, individual differences in terms of personality, emotional intelligence and gender as well as time pressure on business parties' negotiation styles (Barbuto et al., 2010; Ogilvie & Kidder 2008; Zakay, 2009).

Therefore, the aim of the present study is to assess whether culture influences the negotiation styles of Iranian and Malaysian business negotiators. In addition, the present study investigates whether individual differences in terms of personality, emotional intelligence and gender have significant influence on the negotiation styles of Iranian and Malaysian business negotiators. Furthermore, the present study aims to evaluate whether time pressure, if considered as a moderator factor, shows a significant effect on the relationship between culture and negotiating styles of Iranian and Malaysian business negotiators.

1.2   Problem Statement

Iran and Malaysia have cooperated in a number of large industrial projects such as energy, car industry, medicine, construction and tour and travel. However, some of these business projects failed or faced trouble during the business negotiation at the initial stage. Some of the most important failed projects between these two countries which are compatible with the objectives of the present study are presented in the following sections.

According to the House of Industry, Trade and Mines of Iran (2009) negotiation for international collaboration between Zagros Khodro and Proton, two big automobile manufacturers in Iran and Malaysia, failed due to disagreement about the products cost as well as technology transfer. As stated in the report, initial negotiation started in 2007 when these two car manufacturers were interested in

opening new avenues for their economic expansion. However, after two years business negotiation and establishment of initial steps to finalize the agreement, business agreement failed due to the disagreement about the product shipping cost, technology transfer and Iran government tariff on imported automobile products. Report from the House of Industry, Trade and Mines of Iran (2009) indicated that lack of understanding of Iranian business negotiators about the negotiation styles and behaviors of Malaysian business people were among the main issues for the failure in business agreements (House of Industry, Trade and Mines of Iran, 2009). The report also highlighted that due to close and strategic political and economic relationships between Iran and Malaysia, the major focus of international trade is on export and import. Whereas, other types of international trade such as international joint venture was not well practiced in Iran. According to the report, a major reason for lack of collaboration in international joint venture comes back to cultural and individual differences which affect the negotiation process between both Iranian and Malaysian international parties which make parties ineffective in managing their business conflicts and issues (House of Industry, Trade and Mines of Iran, 2009).

According to Iran Chamber of Commerce, Industries and Mines (2010), Malaysia is becoming one of the most important international business parties for Iran in South East Asia. Due to the objectives of these two countries in expanding and developing their bilateral economic relationship, many Iranian investors come to Malaysia for business and vice versa. Thus, more and more business relationships are developed and consequently, more business negotiations are conducted between Iranian and Malaysian business negotiators (as shown in the increase of bilateral international trade from 2005 to 2011 refer to Figure 1.1). This situation shows high possibility of arising business conflicts among Iranian and Malaysian business

negotiators which leads to failures. The latest report from House of Industry, Trade and Mines of Iran in 2013 revealed that from the 138 active business companies (private sector) in Malaysia, only 79 remained in the market nowadays. According to the report, the main focus of these business companies was on Iranian community living in Malaysia and only 25% of the companies were able to conduct and expand their business relationships with their Malaysian business partners. Based on the report, Iranian business parties believed that they were not able to maintain their business relationships with their Malaysian partners due to their inability in managing business conflicts which were derived from the cultural and individual differences of these two countries and consequently, the issue has impacted business negotiations and business relationships for a long term (House of Industry, Trade and Mines of Iran, 2013). Accordingly, this issue has increased the risk of failure for active international business companies in Malaysia and minimized the international trade to export and import between these two countries (House of Industry, Trade and Mines of Iran, 2013). Hence, such an issue gives a warrant to study the negotiation styles between Iranian and Malaysian business negotiators when lack of proper knowledge about each other's cultural and individual differences is observed.

According to Weiss (2010), cultural and individual differences are two major challenging factors in the international marketplace in which the increase in business across national borders puts greater demand on business parties to negotiate with people from other cultures with different individual differences in terms of personality, emotional intelligence and gender. Due to the relevance of the mentioned problem statement to the international business relationship between Iran and Malaysia, cultural and individual differences are considered as the main obstacles for Iranian and Malaysian international business parties to conduct an

11

efficient cross cultural business negotiation. Therefore, understanding and studying these two variables (culture and Individual differences) are considered as the most significant influential factors in Iranian and Malaysian business negotiators' styles.

Furthermore, the 2012 Annual Report of Iran Chamber of Commerce, Industries and Mines (ICCIM) highlighted another business failure between Sepah Super Market Groups from Iran and Mydin Wholesale Hypermarket from Malaysia in the opening of its first branch in Tehran, Iran. The report showed that the process was stopped due to the appearance of two business issues between Mydin management and local suppliers. The two issues were i) the final price of delivered products and ii) terms and conditions of a daily supply of local fresh products. These two issues have been highlighted in the report as lack of information of Malaysian partner about local supplier individual's characteristics (differences) is the major failure reason for the agreement (Iran Chamber of Commerce, Industries and Mines, 2012). All the provided facilities after business failure were sold to Shahrvand Super Market Group in which the supermarket was opened under the name of Shahrvand Chain Super Markets.

Another important report from Kerman Chamber of Commerce in 2013 highlighted a failure between Iranian and Malaysian companies in the dried nuts and date industries. Even though Iran is one of the most important producer and exporter of dried nuts such as pistachio and date in the world, the partnership between these two countries is still suspended. In this case, time pressure was the issue. This issue has been highlighted in the report as Iranian partners prefer to finalize their business agreement in the shortest time while, Malaysian partners insists that they need adequate time allocation for evaluation of business circumstances (Kerman Chamber of Commerce, 2013). The reason backs to the storage condition of dried nuts and

date when time plays an important role in keeping the material fresh and rapid exchange of products minimizes storage cost (storing frozen) for Iranian exporters. Therefore, every year Iranian exporters prefer to deal with potential customers to finalize their agreement in the shortest time. This issue can be highlighted as the influence of time pressure on business negotiators' styles from Iran and Malaysia.

Finding studies about Iranian business people's negotiation styles and the influence of their culture and individual differences (personality, emotional intelligence and gender) on their business behavior (negotiation style) particularly in the South East Asia region is very difficult. Therefore, lack of research about negotiation styles of Iranian and Malaysian business negotiators is considered as another motivation factor for conducting this research. Yu (2005) and Manrai and Manrai (2010) cited that the empirical literatures on intercultural negotiation based on different countries cultural and individual characteristics are very limited. Accordingly, a few of them (e.g., Reilly & Karounos, 2009; Luo & Shenkar, 2002; Brooks & Rose, 2004; Teresa & Saorin-Iborra, 2007; Ma, 2008) conceptualized cultural and individual differences clearly and employed systematic and applicable empirical approaches to understand negotiation styles of target group (Buelens, Van de Woestyne, Mestdagh & Bouckenooghe, 2008). Thus, conducting the present study assists in providing the proper information in terms of negotiation styles within the target groups of the study which are Iranian and Malaysian business negotiators.

1.3 Research Objectives

Hence, based on the proposed statement of the problem, the objectives of the present study are:

1) To assess whether cultural differences (collectivism, masculinity, power distance and uncertainty avoidance) between Iranian and Malaysian business negotiators

influence their negotiation styles (competing, collaborating, compromising, avoiding and accommodating).

2) To examine whether individual differences (personality, emotional intelligence and gender) between Iranian and Malaysian business negotiators affect their negotiation styles (competing, collaborating, compromising, avoiding and accommodating).

3) To determine whether time pressure as a moderator variable has a significant effect on the relationships between culture (collectivism, masculinity, power distance and uncertainty avoidance) and negotiation styles (competing, collaborating, compromising, avoiding and accommodating) of Iranian and Malaysian business negotiators at the international business environment.

1.4 Research Questions

Accordingly, building on the research objectives, the research questions of the present study are proposed as follows:

1) Do cultural differences (collectivism, masculinity, power distance and uncertainty avoidance) influence negotiation styles (competing, collaborating, compromising, avoiding and accommodating) of Iranian and Malaysian business negotiators?

2) Do individual differences (personality, emotional intelligence and gender) affect negotiation styles of Iranian and Malaysian business negotiators (competing, collaborating, compromising, avoiding and accommodating)?

3) Does time pressure as a moderator variable significantly affect the relationship between culture (collectivism, masculinity, power distance and uncertainty avoidance) and negotiation styles (competing, collaborating, compromising, avoiding and accommodating) of Iranian and Malaysian business negotiators when they are conducting business negotiation?

1.5   Significance of the Study

The role of diplomacy and negotiation are currently more important than ever, especially, in the new era of international business environment in order to minimize and manage international business conflicts, concerns and issues (Barry, 2008). In this situation, the effect of cultural and individual differences can not be ignored as the most important factors in business negotiation (Manrai & Manrai, 2010; Yu, 2005). Culture and individual differences as unique characteristics of individuals have potential in creating unexpected opportunities for business growth and imposing business obstacles and conflicts for business agreement (Finch, 2010). In this condition, where there is a lack of specific negotiation concept in the area of Iran international business environment, the results of the present study propose distinguished outcomes for Iranian and Malaysian business negotiators in terms of their negotiation styles. Therefore, the first and the most important significance of the present study is to determine a suitable negotiation style concept for both Iranian and Malaysian business negotiators. The proposed concept not only reveals significant issue regarding the role of Iranian business people's culture in their negotiation styles, but also provides appropriate information about the role of individual differences in their business behaviors and actions.

Secondly, understanding negotiation styles and their meaning at the international business level are the key factors between failure and success. Those business parties who are familiar with conducting effective negotiation performances are able to survive in the competitive global market (Carnevale, 2008; Sandholm, 2010). Being familiar with international parties' negotiation styles and their business desires helps international companies to save money by proposing effective negotiation strategy and make more profits by creating more opportunities through

efficient negotiation styles (Carnevale, 2008; Sandholm, 2010). Thus, conducting a research about the influence of culture and individual differences on negotiation styles of Iranian and Malaysian business negotiators provides a better understanding of how Iranian/Malaysian companies approach and allow investors to bridge these differences gaps through a combination of in-depth background information and hands-on practical tips and business solutions. At the same time, the business negotiators from both countries are able to propose an effective negotiation strategy based on the other parties' cultural and individual's concerns which help them to maintain their business relationships.

Moreover, the results of the present study provide additional information for business parties and business negotiators from Iran and Malaysia to have greater awareness about the role of negotiation styles which; i) helps in conflict resolution and compromise between Iranian and Malaysian companies; ii) assists with collaborative effort and quicker decision making; and iii) enhances trust between international business parties. Achieving the three mentioned statements above enable Iranian and Malaysian international companies to conduct better business relationships together and at the same time, reduces risk of business negotiation failures between them.

Besides, the study of cultural attitudes about time pressure in the concept of negotiation styles is considered as another significance of the present study, since lack of time-related cultural awareness leads to failure in business negotiations between international parties (Stuhlmacher & Champagne, 2000; Zlatev, 2002; Woo, Wilson & Liu, 2001). Thus, the result of the present study visualizes how time pressure influences the negotiation styles of international business negotiators from different cultures (Iran and Malaysia). Therefore, the provided information helps

international parties from both countries to take appropriate negotiation styles in order to resolve their business conflicts and enhance chances of reaching to a mutual business agreement.

Filling the academic gaps in terms of negotiation styles of Iranian business negotiators is another significance of the present study. Since there are a few studies (e.g., Ismaeli & Zarpanah, 2010; Yousefi, 2005; Moghadam, 2005) regarding the Iranians' style of negotiation in academic disciplines, the result of the present study contributes to a theoretical embarkment of the current level of knowledge in the existing literature on Iranians' negotiation styles. In addition, filling the academic gap in terms of adding knowledge to the body of negotiation literature review is another significance of the present study, since several variables such as personality, emotional intelligence, gender, and time pressure are considered as influential variables on negotiation styles.

1.6   Scope of the Study

As formerly highlighted, Malaysia is considered as one of the most important international trade partner of Iran in South East Asia (Iran Chamber of Commerce Industries and Mines, 2010). Nowadays, the industries of both countries (Iran and Malaysia) are switching to service-based industry and these two countries are attempting to maximize their benefits from the global market. The globalized market products and services can not be improved upon unless the cultural and individual differences domain of the business people is better understood (ElShenawy, 2009). Therefore, with respect to the importance of business negotiation concept for further business relationships between Iranian and Malaysian business people, the scope of the present study is in both countries, Iran and Malaysia.

In recent years, Malaysia and Iran have signed agreements majority on cooperation in technology, anti-drug campaign, education, oil industry, energy and tourism (Iran Chamber of Commerce Industries and Mines, 2010). Regarding these wide international trades, the last economic common commission held in 2008 in Kuala Lumpur focused on not only to increase the volume of trade, but also to identify new products that could be exchanged between these two countries through a business partnership (iranembassy.com.my). Thus, the present study tries to focus on individuals who have/had 'business negotiation experience' in private companies which are/were engaged in conducting business negotiation within Iran and Malaysia in order to propose and visualize a better understanding of their business negotiation styles as well as identifying the influence of culture, individual differences (personality, emotional intelligence and gender) and time pressure on their business negotiation styles.

1.7   Definitions of Key Terms

This section provides definitions of key terms by focusing on their meaning in the context of the present study. They are as follows:

i) Negotiation styles: Negotiation in the concept of international business is defined as a deliberate interaction of two or more social units (at least one of them being a business entity) originating from different nations that are attempting to define or redefine their interdependence in a business matter (Weiss, 1993, 2010). Moreover, negotiation style is defined as different human behavior and action that describes the process of discussion by which two or more business parties aim to reach a mutually acceptable agreement (Weiss, 2010). According to the objectives of the present study, definition of negotiation style proposed by Weiss (2010) is applied

in order to explain negotiation styles of international business negotiators. In the present study, negotiation style has five dimensions namely:

- *Avoiding/withdrawing style:* In this style international business partners represent low on concern for others and low on concern for self (Rahim, 2002).

- *Competing/dominating style*: In this style international business partners represent low on concern for others and high on concern for self (Rahim, 2002).

- *Accommodating/obliging style:* In this style international business partners represent high on concern for others and low on concern for self (Rahim, 2002).

- *Compromising style:* In this style international business partners represent a moderate level of concerns for self and others (Rahim, 2002).

- *Collaborating/integrating:* in this style international business partners represent high on concern for others and high on concern for self (Rahim, 2002).

ii) Culture: Hofstede (1991) defined culture as the collective programming of the mind distinguishing the members of one group or category of people from others. Furthermore, Weiss (2010) defined culture in the concept of international business and negotiation studies as characteristics of an individual which includes knowledge, beliefs, values, attitudes, norms, arts, morals, law, customs, and any aptitudes and habits acquired by individuals as a member of society and shared with other individuals as members of a society. In the present study, the proposed definition of culture by Weiss (2010) is mostly applied in order to address individual culture of business negotiators from Iran and Malaysia. In addition, in the present study, four dimensions of culture are employed which are adopted from Hofstede's (1991) study. The dimensions are as follows:

- *Collectivism*: Refers to types of cultures in which people tend to view themselves as members of groups or as an individual (Hofstede, 1991).

- *Masculinity*: Masculinity addresses societal characteristics and distribution of values between gender's role in a society. A society is called masculine where there is a strong differentiation between men and women in terms of emotional and social roles (Hofstede, 1991).

- *Power distance*: This dimension reflects the extent in which people in a culture can accept large differences in power between individuals or groups (Hofstede, 1991).

- *Uncertainty avoidance*: This dimension represents how people react to uncertain or ambiguous events (Hofstede, 1991).

iii) Individual differences: In the present study, individual differences have three different dimensions, namely, 'personality', 'emotional intelligence' and 'gender'. Dimensions of personality and emotional intelligence are described as below:

Personality: In the present study, personality is defined as a unique set of enduring emotional, interpersonal, experiential, attitudinal, and motivational traits and characteristics, relatively stable over time that explain behavior in different situations (Costa & McCrae, 1992). The present study follows Costa and McCrae's (1992) Five-Factor Model who indicated that there are five dimensions of personality. These dimensions are 'extraversion', 'conscientiousness', 'openness to experience', 'neuroticism' and 'agreeableness' (Costa & McCrae, 1992). These five personality dimensions according to Costa and McCrae (1992) are defined as follows:

- *Extraversion*: Extraversion is defined as having positive emotions, assertiveness, sociability and the tendency to seek stimulation in the company of others, and talkativeness.

- *Conscientiousness*: Conscientiousness is defined as a tendency to be organized and dependable, show self-discipline, act dutifully, aim for achievement, and prefer planned rather than spontaneous behavior.

- *Openness to experience*: Openness to experience is defined as the degree of intellectual curiosity, creativity and a preference for novelty and variety a person has. It is also described as the extent to which a person is imaginative or independent, and depicts a personal preference for a variety of activities over a strict routine.

- *Neuroticism*: Neuroticism is defined as the tendency to experience unpleasant emotions easily, such as anger, anxiety, depression and vulnerability. Neuroticism also refers to the degree of emotional stability and impulse control.

- *Agreeableness*: Agreeableness is defined as the tendency of individuals' general concern for social harmony, trusting and trustworthy, helpful and willing to compromise and their level of consideration as well as their optimistic view of human nature.

Emotional intelligence: Goleman (1995) defined emotional intelligence as managing feelings so that they are expressed appropriately and effectively, enabling people to work together smoothly toward their common goals. In the present study, emotional intelligence has two dimensions, namely, 'expressive' and 'restrained' which are adopted from Hammer (2005). In the present study 'expressive' and 'restrained' are defined as:

- *Expressive*: It means showing feelings in social relationships through the body language, gesturing, behaviors and involving deeply in communication with other people (Hammer, 2005).

- *Restrained*: It means controlling or moderating feelings in social relationship in order to prevent unmanageable situations or actions (Hammer, 2005).

1.8   Organization of the Chapters

In order to conduct the present study in an efficient academic manner, this thesis is divided into six chapters. The *first chapter* describes an overview of the present study in terms of problem statements, research objectives and questions, significance of the study, the scope of the study and finally, definition of key terms. *Second chapter* discusses about the concept of international business and negotiation styles in general. *Third chapter* mostly discusses the background literature and the previous studies conducted in the area of culture (collectivism, masculinity, power distance and uncertainty avoidance), individual differences (personality, emotional intelligence and gender), negotiation styles (competing, collaborating, compromising, avoiding and accommodating) and time pressure. The theoretical framework and development of hypotheses are also presented at the end of this chapter (chapter three). *Chapter four* discusses about research methodology, research design, data collection techniques, used measurement instruments, and employed statistical analysis of the study. *Fifth chapter* mainly explains the findings of the statistical analysis and discusses about the results of hypotheses testing. Finally, *chapter six* provides discussions and the contributions of the study. Additionally, limitations and suggestions for further research are provided in this chapter (chapter six).

CHAPTER 2

NEGOTIATION AND ITS RELEVANT CONCEPTS

2.1   Introduction

The effects of globalization on business environment have brought new opportunities and threats to international firms and companies. In such situations, international executives attempt to negotiate with other companies for having an optimal solution, minimize conflicts, and maximize gains (Schei, Rognes & Shapiro, 2011). Westbrook et al. (2011) found that a clear negotiation strategy is the most important factor in making a successful international business relationship. Therefore, the success of business relationship depends on conducting effective business negotiation (Brooks & Rose, 2004; Schei & Rognes, 2005; Sandholm, 2010). To conduct an effective business negotiation, business negotiators need to be familiar with the process of business negotiation and other significant factors that might affect the process (Fang et al., 2008). A good understanding of the relevant factors in business negotiation enables business negotiators to perform an effective business negotiation based on the proposed business circumstances (Westbrook et al., 2011; Li, 2011).

This chapter starts by introducing negotiation concept in general as one of the most important issues in international business and communication studies. Next, the significant factors in negotiation process are explained and related concepts regarding the process of negotiation in conjunction with international business are described. In addition, brief explanations about demographic and business information in Iran and Malaysia related to business negotiation concept are presented at the end of this chapter.

2.2   Negotiation in General

From business communication perspective, negotiation is referred to as an exchange of communication which happens between business participants in order to define or redefine their business affairs (Ogilvie & Kidder, 2008). Negotiation generally appears in formal arenas with a pervasive form of social interaction, such as international relations, industrial relationships and manager-subordinate relations as well as informal arenas such as interpersonal relations and marital decision-making (Ribbinka & Grimm, 2014; Zoubir, 2003). Although these arenas are quite diverse, there are fundamental similarities between elements of negotiation in terms of the concepts. Finch (2010) and Miller (2014) specified five main characteristics for negotiation, which are: i) business parties feel their interest has some conflicts; ii) business parties willing to engage in the communication process; iii) compromising between business parties are possible; iv) provisional or counter offer happen between business parties; and v) the outcome of business may cause business parties join together temporarily.

Based on the mentioned characteristics, Samina and Vinita (2010) remarked that in the modern business environment, negotiation is used as the consecutive bargaining tool with one or more international business parties in order to reach at a satisfactory and acceptable solution to all. According to Samina and Vinita (2010), negotiation normally is applied as a management tool to handle business conflicts. Negotiation is also useful as a performance evaluation outcome usually based on a continuum of success to failure (Ribbinka & Grimm, 2014).

Volkema and Fleury (2002) and Alavoine (2011) identified three perspectives for negotiation process. The first perspective is a practical negotiation process that exists between international or local companies. The second perspective involves the