

**IRANIAN MANAGERS' CROSS CULTURAL  
NEGOTIATION STYLES**

**by**

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## **DEDICATION**

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## ABSTRACT

Literatures on managers' cross cultural negotiation styles have been documented particularly in America, Japan, China and Brazil. The present study intended to contribute to the Iranian managers' cross cultural negotiation styles. The purpose of the present study is to determine the impact of multicultural personality characteristic (open-mindedness, cultural empathy, emotional stability, flexibility, and social initiative), preparation before negotiation, and relationship building with foreign negotiators on three dimensions of Iranian managers' cross cultural negotiation styles (protecting honor, self-respect and dignity, and value relationship). Data were collected from 129 Iranian managers' who are working in international companies and have experiences negotiating with foreign businessmen. Three main hypotheses were formulated in order to achieve the objectives of the present study. The relationships between multicultural personality characteristics (open-mindedness, cultural empathy, emotional stability, flexibility, and social initiative), and Iranian managers' cross cultural negotiation styles (protecting honor, self-respect and dignity, and value relationship) were tested. It was found that cultural empathy has marginally significant relationship with protecting honor. Emotional stability has significant, positive relationship with protecting honor. Social initiative was found to have a significant, positive relationship with self-respect and dignity. Lastly, open-mindedness has marginally significant relationship with value relationship. For the "preparation before negotiation", we found that it had significant, positive relationship with self-respect and dignity. Finally there was a strong significant, positive relationship between "relationship building with foreign negotiators" and all the three dimensions of our dependent variable (protecting honor, self-respect and dignity, and value relationship) "Iranian managers' cross cultural negotiation styles".

## ABSTRAK

Bahan rujukan berkenaan gaya perundingan merentasi budaya oleh para pengurus telah didokumenkan secara meluas, terutamanya di Amerika Syarikat, Jepun, China dan Brazil. Kajian ini bermaksud untuk menilai gaya perundingan merentasi budaya yang diamalkan di kalangan para pengurus di Iran. Tujuan utama kajian ini ialah menentukan impak personaliti karakter multi-budaya (iaitu keterbukaan fikiran, empati kebudayaan, kestabilan emosi, fleksibiliti dan inisiatif sosial), persediaan sebelum perundingan, dan pembinaan perhubungan dengan para perunding daripada luar negara terhadap tiga dimensi gaya perundingan merentasi budaya di kalangan pengurus-pengurus Iran (memelihara maruah, rasa hormat diri dan martabat, dan mementingkan perhubungan). Data dikumpul daripada 129 orang pengurus-pengurus Iran yang bekerja di syarikat-syarikat antarabangsa dan pernah terlibat dengan proses perundingan dengan pengurus-pengurus dari luar negara. Terdapat tiga hypothesis utama yang diformulasikan dalam usaha mencapai objektif kajian ini. Perhubungan di antara personaliti karakter multi-budaya (iaitu keterbukaan fikiran, empati kebudayaan, kestabilan emosi, fleksibiliti dan inisiatif sosial) telah dikaji. Didapati bahawa empati kebudayaan mempunyai perhubungan signifikan yang marginal dengan memelihara maruah. Kestabilan emosi pula menunjukkan perhubungan yang signifikan dan positif dengan memelihara maruah. Tambahan pula, inisiatif sosial mempunyai perhubungan positif yang signifikan dengan rasa hormat diri dan martabat. Keterbukaan fikiran pula didapati mempunyai perhubungan positif dan signifikan yang marginal dengan mementingkan perhubungan. Persediaan sebelum perundingan mempunyai hubungan yang positif dan signifikan dengan rasa hormat diri dan martabat. Hasil kajian ini juga menunjukkan bahawa pembinaan perhubungan dengan para perunding daripada luar negara menunjukkan perhubungan positif yang signifikan dengan ketiga-tiga dimensi (memelihara maruah, rasa hormat diri dan martabat, dan mementingkan perhubungan) gaya perundingan merentasi budaya yang diamalkan di kalangan para pengurus di Iran.

## Chapter 1

### INTRODUCTION

#### 1.1 Introduction

When people think of leaders they often think of famous people in positions of power. But fame and power are not what make an effective leader. Leadership occurs at all levels in organizations. So this question will be asked, what is the definition of leadership? Leadership is an influential relationship among leaders and followers who strives real change and outcomes that reflect their shared purposes (Jackson, 2003). Effective leaders understand that they need to do more than simply convince people to follow them. They strive to create a vision that reflects the concerns and aspirations of followers. When a leader and followers have shared purposes, each can count on the other to act in ways that move everyone toward the common goal. The personal characteristics of leaders are relatively stable attributes that make each person unique, including their physical, social, and psychological traits. A person can change some of her or his personal characteristics, but it is not easy to do so. Personal characteristics also create images in the minds of other people, and some of these images fit the stereotype of an effective leader (Jackson, 2003).

Another quality of an effective leader is the ability to negotiate. The word negotiation describes the process of discussion between two or more parties aimed at reaching a mutually acceptable agreement (Deresky, 2002; pg 149). The negotiation process comprises of five stages;

- (1) Preparation: the importance of careful preparation for cross-cultural negotiations cannot be overstated.
- (2) Relationship building: the process of relationship building is regarded with much more significance in most part of the world.
- (3) Exchanging task-related information: each site typically makes a presentation and states its position.

- (4) Persuasion: both parties try to persuade the other to accept more of their position and to give up some of their own.
- (5) Concessions and agreement: concession and agreement tactics vary greatly across culture.

Effective negotiation strategy depends on management's ability to negotiate productively. Negotiation skills are widely considered as one of the most important aspects in business. In the global arena, cultural differences produce great difficulties in the negotiation process. Important differences in the negotiation process from country to country include (Deresky, 2002, pg 149):

1. The amount and type of preparation for a negotiation
2. The relative emphasis on tasks versus interpersonal relationship.
3. The reliance on general principles rather than specific issues.
4. The number of people present and the extend of their influence.

To understand cultural differences in negotiating style, leaders first need to understand their own negotiation styles and then determine how their negotiation styles differ from leaders of other countries. They can also do this with comparing profiles of those perceived to be successful negotiators in different countries. Such profiles reflect the value system, attitude, and expected behaviors inherent in a given society.

Skillful global leaders need to assess many factors when managing negotiation. They must understand the position of the other parties in regard to their goals-whether national or corporate- and whether principles or specific details represent these goals. They should have the ability to recognize the relative importance attached to completing the task versus developing interpersonal relationships. Leaders also need to know the compositions of the teams involved, the power allotted to the members, and the extent of the teams' preparation. In addition, they must grasp the significance of personal trust in the relationships (Deresky, 2002).

A consideration of cross-cultural negotiations must therefore include the various decision-making processes that occur around the world. Negotiations cannot be conducted without decisions being made, that decision making is one of the most important task of the high level management.

In this research, we will review effects of culture on international negotiation among Iranian managers. Present study includes on cross-cultural differences in negotiation behavior as well as how these differences affect and are affected by the parties' conception of negotiation.

Negotiation skill includes the competency of selling ideas to get the agreement of interested parties about targets and objectives. The change agent should rely on face-to-face interaction to sell, influence and otherwise persuade other members of the organization to accept change. This skill, together with communication, motivation and conflict resolution are called as soft skills or competency, which are intangible, invisible and unquantifiable abilities, that in many organizational setting undervalued, but are critical nevertheless (Peter, 1981). Negotiation involves communication. Yet most studies concentrate on reported perception of negotiation processes and outcomes in questionnaires and worksheets and ignore the vital role of communication (Adler, 1989). Before considering the sources of negotiation power, it is important to recognize the distinction between real power and imagined power. The latter comes from influencing other parties' perceptions of truth. It can be undone by revelation of truth. Real power is the ability to influence the other parties' decisions and actions when they are fully informed about the circumstances and consequences of their decisions (Roger, 1983).

Robert (1981) mentioned that we do not bargain over positions. Arguing over position produces unwise agreements and is inefficient. The alternative is called principled negotiation or negotiation on merits. The four basic points are:

- a) People--- Separate the people from the problem.
- b) Interests---Focus on interests, not positions.
- c) Options---Generate a variety of possibilities before deciding what to do.
- d) Criteria---Insists that result be based on some objective standard (Robert, 1981).

Effective strategy depends on management's ability to negotiate productively: a skill widely considered as one of the most important in international business. The world negotiation describes the process of discussion between two or more parties' in order to reach an agreement (John, 2001).

In international negotiations, misunderstandings are a strong possibility because of cultural differences as well as possible language differences. Further, the background and expertise of government officials may be quite distinct from those of businesspeople and their superiors may use different criteria to evaluate their performance (John, 2001). Unfortunately in the recent years the lack of effective negotiation among Iranian managers has resulted in less agreement and investments with foreign companies to compare with other countries.

Nowadays, the main focus of business is on negotiation between foreign companies and investors. Iranian managers should improve on their negotiation styles in order to attract more foreign investors and companies. In these days, when technology is moving so fast, Iranian managers need to plan to work on their negotiation styles with the standard international negotiation styles. Certainly culture is one of the most important factors that affects international negotiations. Iran is rich in sources such as oil, gold, silver and etc. with good management and negotiation styles Iran could turn into a powerhouse in today's global market.

However, there has been very little research especially in Iran on the negotiation styles among Iranian managers that have to deal with foreign businessmen. Scholars have studied the negotiation styles of American, Chinese and Europeans managers and further studies on Arab negotiators styles. But Iranian managers' negotiation styles has never been seriously studied. We are also unaware of any research that has specifically focused on the above-mentioned improvement in Malaysia. Therefore this study attempts to examine elements on Iranian managers to improve their negotiation styles and attract foreign investors.

## **1.2 Background of Iran, and Problem Statement**

The main element of the present study is Iranian managers' negotiation styles with foreigners. Respondents of the present study would be Iranian managers who have had experiences in negotiating with foreign negotiators. First, let us introduce the background, people, history and culture of Iran.

Known as Persia until 1935, Iran became an Islamic republic in 1979 after the ruling Shah was forced into exile. Conservative clerical forces subsequently crushed westernizing liberal elements. During 1980-88, Iran fought a bloody, indecisive war with Iraq over disputed territory. The key current issue is how rapidly the country should open up to the modernizing influences of the outside world.

The number of population in Iran based on 2005 reported estimation is 69 million with a substantial growth rate of 0.86% yearly. There are a few ethnic groups in Iran: Persians 51%, Azeri 24%, Gilaki and Mazandarani 8%, Kurd 7%, Arab 3%, Lur 2%, Baloch 2%, Turkmen 2% and other 1%. Literacy of total population age 15 and over who can read and write is reported 79.4% in the year 2004(the latest statistic). Iran with having a qualified health care system has a rate of life expectancy equal to 69.96.

Iranian Commerce Minister Mohammad Shariatmadari, in a meeting with the Chairman of Russia's Chamber of Commerce and Industry Yevgeny Primakov, has emphasised the need to bolster trade in Iran. He said that Iran's 7% growth rate, increase in non-oil exports, control of inflation, revision of import-export laws as well as laws to encourage foreign investment are some of the major steps taken towards expansion of ties with other countries. Shariatmadari said he hoped Iran would be able to provide an increasing share of Russia's US\$70 billion annual imports, while Primakov called for stronger bilateral ties and for Iran's private sector to invest in Russia.

Iran in 2004 had an estimated GDP of USD \$477.8 billion, GDP real growth rate of 6.3% and the GDP composition by sector is as follow: Agriculture 19%, Industry 26%, and Services 55%. Based on the estimation in 2004, the income per capita for Iran was USD \$7,700. In the trade zone in 2004, Iran exported USD \$38.79 billion of which 80% of this amount refers to petroleum products and the rest basically carpets, fruits, nuts and etc. In 2004, Iran imported products worth of USD \$31.3 billion. These products included food, machinery and semi finished goods from its major markets/suppliers such as Germany, Japan, France and China (<http://www.state.gov/r/pa/ei/bgn/5314.htm>).

Nowadays more international companies are making businesses in Iran. This means that Iranian managers need to deal more with foreign businessmen. At the same time, Iranian businessmen are also starting to do more international business. With substantial changing in the market, staying competitive is one of the most important visions for businesses. It requires going international to gain the competitive advantage.

### **1.3 Objectives of the Study**

The purpose of this study is to research about factors that contribute to negotiation styles among Iranian managers, define the negotiation problem and find a way to solve it. In particular, the present study aims to:

1. Study the relationship between Iranian managers' multicultural personality characteristic (open-mindedness, cultural empathy, emotional stability, flexibility, and social initiative) adjustment towards foreign negotiators culture with Iranian managers' cross cultural negotiation styles.
2. To investigate whether Iranian managers' preparation before negotiations is related to their cross cultural negotiation styles.
3. To examine whether Iranian managers' relationship building with foreign negotiators is a factor contributing to their cross cultural negotiation styles.

### **1.4 Research Questions**

The objectives of the present study lead to the following research questions:

1. How Iranian managers' multicultural personality characteristics effect their negotiation styles?
2. To what extent preparation before negotiation relates to Iranian managers' negotiation styles?
3. How Iranian managers' relationship building with foreign negotiators relates with their negotiation styles?

## **1.5 Significance of the Study**

There is lack of study on negotiation styles of Iranian managers. Other studies on negotiation show that poor negotiation style is the main problem among international managers. Because of the lack of literature, thus the present study will fill in the gap in the literature regarding Iranian managers' negotiation styles.

In order for Iranian managers to improve their negotiation styles, they should be able to analyze both parties' feelings and needs to better understand the condition of negotiation from the beginning of negotiation. Contribution to the Iranian managers, that is, they will learn about elements that contribute to their negotiation styles. Thus the present study will make Iranian managers aware of personal characteristic and elements that contribute to their negotiation styles.

In addition the results of the present study would be useable for companies in Iran to draw up a new policy regarding future plans to do business with foreign international companies. The input of the present study will make the Iranian international companies aware of the importance of multicultural personality characteristics, preparation before the negotiation and relationship building with the foreign businessmen.

## **1.6 Definition of Terms**

The present study involves a number of terms that need to be clarified:

### **1.6.1 Negotiations:**

The word negotiation describes the process of discussion between two or more parties aimed at reaching a mutually acceptable agreement (Deresky, 2002; pg 148-9, John, 2001).

### **1.6.2 Culture in negotiation process:**

Culture includes norms of behavior based on learned attitudes, values, and beliefs. Businesspeople agree that there are cross-country differences but disagree as to what they are. International companies must evaluate their business practices to ensure that they take into account national norms in their behavioral characteristics. How a person

behaves may also be conditioned by such variables as education, biology, or experience (Ferraro, 2002, p.137).

### **1.6.3 Multicultural personality characteristics**

The multicultural personality characteristics have been introduced by Van der Zee and van Oudenhoven (2000). The characteristics are open mindedness, cultural empathy, emotional stability, flexibility, and social initiative.

### **1.6.4 Preparation before negotiation**

The cultural view of the negotiation clarifies that preparation before negotiation can help both side parties in the negotiation to be successful in the negotiation. Negotiators need to know each others' needs and wants to perform well during the negotiation, with the aim to mutual profitability in the negotiation.

### **1.6.5 Relationship building with foreign negotiators**

That is clear that business future depends on the relationships between the involved two parties. Successful negotiation will not end up easily. To keep on mutual profitable negotiations with foreign negotiators, negotiators should try to build the relationship with the other party's negotiators.

## **1.7 Organizations of the Remaining Chapters**

The following chapters in the present study will cover various important aspects. Chapter 2 touches on the past research and literature by renowned researches related to base cultural negotiations in the global as well as the local scene. Chapter 3 focuses on the methodology and research design including various variables, measurements and population sample in the research. Chapter 4 continues with the hypotheses, description statistics and results of the analysis for the present study. And lastly, Chapter 5 comprises of discussions regarding the implications, limitations, and overall conclusion for the present study.

## Chapter 2

### LITERATURE REVIEW

#### 2.1 Introduction

##### 2.1.1 The Early Social Psychology of Negotiations

Negotiation was an important subject of social psychologists in the 1960s and 1970s (Rubin & Brown, 1975). During this time, the study of negotiations in social psychology primarily focused on two sub domains: individual differences of negotiators and situational characteristics. As the field of social psychology moved toward research on social cognition, negotiation, like many interpersonal topics, drifted from the forefront of social psychology (Bazerman, Curhan, Moore & Valley 2000).

Carnevale and Pruitt (1992) predicted that cultural differences in negotiation would increase in importance as a result of growing interrelationships among nations. Indeed, over the past decade, we have seen an expansion of research on culture and negotiation (Weiss, 1996). There are two types of literature of cross cultural differences and the first type includes research on cross-cultural differences in negotiation behavior as well as how these affect and are affected by the parties' conceptions of negotiation. The second type deals with negotiating across cultural boundaries and prescriptive techniques for doing so successfully (Bazerman, Curhan, Moore & Valley, 2000).

Another method to sail the negotiation toward a successful contract is by moving toward the larger goal that benefits both side of parties. That is totally different from a simple bargaining in the negotiation. To negotiate with long term benefits purposes for both sides of parties the most useful method can be called "solutions for problems" method. Hawyer (2005) in his book, "How to improve your negotiation skills" mentioned that there are a few elements to consider while dealing with negotiation process. He suggested the following elements in order to solve problems while negotiating:

- i. Integrating
- ii. Sharing problems
- iii. Avoid conflict
- iv. Exchange information
- v. Respect new ideas and suggestions
- vi. Find similarities instead of differences at the early stage of negotiation

- vii. Focus on similar points
- viii. Good methods of solving problems
- ix. Discuss the main problems initially
- x. Try to solve the problem instead of arguing

### **2.1.2 Negotiation theories**

Howard Raiffa, in wikipedia website ([http://en.wikipedia.org/wiki/Negotiation\\_theory](http://en.wikipedia.org/wiki/Negotiation_theory)) defines the negotiation as follow; decision analysis studies how an analytically inclined individual should and could make wise decisions; behavioral decision making examines the psychology of how ordinary individuals do make decisions; game theory focuses on how groups of ultra-smart individuals should make separate, interactive decisions; and negotiation analysis considers, how groups of reasonably bright individuals should and could make joint, collaborative decisions.

There are so many definition and theories for negotiation that we mention some of them cited in Wikipedia ([http://en.wikipedia.org/wiki/Negotiation\\_theory](http://en.wikipedia.org/wiki/Negotiation_theory)). The foundations of negotiation theory are decision analysis, behavioral decision making, game theory, and negotiation analysis. Another classification of theories distinguishes between Structural Analysis, Strategic Analysis, Process Analysis, Integrative Analysis and behavioral analysis of negotiations that for behavioral analysis there is not any information accessible on the website.

#### **Structural Analysis**

Structural Analysis is based on a distribution of empowering elements among two negotiating parties. Structural theory moves away from traditional Realist notions of power in that it does not only consider power to be a possession, manifested for example in economic or military resources, but also thinks of power as a relation. Based on the distribution of elements, in structural analysis we find either power-symmetry between equally strong parties or power-asymmetry between a stronger and a weaker party. All elements from which the respective parties can draw power constitute structure. These instrumental elements of power are either defined as parties' relative position (resources position) or as their relative ability to make their options prevail. Structural analysis is

easy to criticise, because it predicts, that the strongest will always win. This, however, does not always hold true.

### **Strategic Analysis**

Strategic analysis starts with the assumption that both parties have a veto. Thus, in essence, negotiating parties can cooperate or defect. Oftentimes, co-operation of both sides yields the best outcome. The basic problem however is that the parties can never be sure that the other is going to cooperate, mainly because of two reasons: first, decisions are made at the same time or, second, concessions of one side might not be returned. Therefore the parties have contradicting incentives to cooperate or defect. If one party cooperates or makes a concession and the other does not, the defecting party might relatively gain more.

### **Process Analysis**

Process analysis is the theory closest to negotiate. Parties start from two points and come together through a series of concessions. As in strategic analysis, both sides have a veto (e.g. sell, not sell; pay, not pay). Process analysis also features structural assumptions, because one side maybe weaker or stronger (e.g. more eager to sell, not willing to pay a certain price). Process Analysis focuses on the study of the dynamics of processes.

### **Integrative Analysis**

Integrative analysis divides the process into successive stages, rather than talking about fixed points. It extends analysis to pre-negotiations stages, in which parties make first contacts. The outcome is explained as the performance of the actors at different stages. Stages may include pre-negotiations, finding a formula of distribution, crest behavior, settlement.

## **2.2 The Influence of Culture in Negotiation**

Since the present study is examining about intercultural negotiations, we believe that it is compulsory to discuss about culture in the negotiation. Jacques Tibau mentioned

that, "Culturally sensitive negotiating skills are increasingly necessary for managing in multinational network organizations" (<http://www.amazon.com/gp/product/product-description>). Negotiating globally will help managers and professionals acquire the knowledge and develop the skills that are indispensable in today's global business environment.

In order for successful negotiations to occur, stereotypes must be eliminated. A stereotype is the creation of a biased opinion or view -- an individual will take the behavior of one person and state that all people belonging to that particular group, be it an ethnic, religious or social group, behave in the same manner. The establishment of stereotypes encourages people to react and behave in a manner that is both judgmental and biased. The word Arabs is used to describe an individual from the Middle East. Despite the fact that these individuals are from different countries, with diverse cultures, beliefs and a variety of religions, they are characterized by one term, "Arabs." The word Arabs reduces individuals and countries to a distinct target, open to stereotypes and bias. For instance, we can discuss about another common judgmental and biased establishment of stereotypes that occur between Malaysian and Arab negotiators. A common stereotype among Arab negotiators is that Malaysians are rather passive and submissive negotiators. On the other hand, Arabs are known to be demanding and trying. Thus, truest two different and domain cultures may "collide" during the negotiation process.

The inability to recognize the partiality of the judgments made by negotiators has a number of consequences. First, it can slow down the process of any negotiations, if not disrupt them entirely. Second, misunderstandings prevent negotiators from maximizing joint gains from the business interaction.

Donnell King, a writer and an editor for various publications suggests some general guidelines for bridging the gap between different cultures to avoid misunderstandings (<http://www.diplomacy.edu/Language/Communication.htm>):

- a) Seek information about the culture. Knowledge is power. Prejudice stems from ignorance. Do your homework, do not make assumptions.

- b) Be other-oriented. You can no longer rely on the assumptions of your own cultural heritage. This is not to tear down the value of your own culture; it is to make you aware of the richness that is available to you in other viewpoints. This also does not mean to try to be something you are not. It does mean allowing the other to be whoever s/he is rather than who you think that person should be.
- c) Ask questions. Be prepared to share information about yourself, and be sensitive in the way you ask (you do not want to be perceived as prying). But open communication helps in reducing the uncertainty that is present in any relationship.
- d) Develop mindfulness. This is another way of saying "be aware." Acknowledge that there is a connection between thoughts and deeds, and become aware of your own thinking and assumptions. Be conscious. Be active, not reactive. Be aware of your own self-talk.
- e) Develop flexibility.
- f) Tolerate ambiguity. Communicating with someone from another culture produces uncertainty, which can be uncomfortable. Learn to tolerate the discomfort until you come out on the other side.
- g) Avoid negative judgments. Resist thinking that your culture has all the answers. It has its strengths; so do other cultures.

Adler (1997) as being cited by LeBaron (2003) emphasized key negotiation styles of four national backgrounds American, Japanese, Chinese/Taiwan and Brazilian ([http://www.beyondintractability.org/essay/culture\\_negotiation](http://www.beyondintractability.org/essay/culture_negotiation)). She ranked negotiators characteristics as it is reported in their national negotiation setting and put them in order in the following table:

**Table 2.1**

*American, Japanese, Chinese and Brazilian negotiation style*

AMERICAN NEGOTIATORS	JAPANESE NEGOTIATORS	CHINESE (TAIWAN) NEGOTIATORS	BRAZILIAN NEGOTIATORS
Preparation and planning skill	Dedication to job	Persistence and determination	Preparation and planning skill
Thinking under pressure	Perceive and exploit power	Win respect and confidence	Thinking under pressure
Judgment and intelligence	Win respect and confidence	Preparation and planning skill	Judgment and intelligence
Verbal expressiveness	Integrity	Product knowledge	Verbal expressiveness
Product knowledge	Demonstrate listening skill	Interesting	Product knowledge
Perceive and exploit power	Broad perspective	Judgment and intelligence	Perceive and exploit power
Integrity	Verbal	---	Competitiveness

Source: Adler (1997)

Adler (1997) emphasized that Brazilian and American negotiators share almost the same characteristic except that American negotiators integrity stands versus Brazilian competitiveness. Japanese are more focused on interpersonal negotiating style, stressing verbal expressiveness, and listening ability while American and Brazilian negotiators are focused more on their verbal ability, planning and judgment. Chinese in Taiwan are mainly considered about negotiators persistence and determination.

For culture collision to be avoided, a lot of adjustment and learning is necessary. We are often more comfortable with people who are like us. As such, when we do interact with people from different cultures, we tend to look for the differences rather than the similarities. In order for cultural competence to take place, it is essential to know how to react, relate, and work with others from different cultures. When working with

cross-culture teams, or negotiating deals across cultural borders, it is important to be aware of the principles which contrast people across cultural boundaries so that we can understand why people think and act the way they do (<http://www.michaelhick.com>).

Scholars have reviewed the American, Japanese, Chinese and Brazilian negotiation skills and styles. How about Iranian managers' negotiation skills and styles? The present study will focus on the negotiation skills and styles of Iranian managers. Since it has been proven that cultures bring different elements and chaos to the negotiation process, thus it is important to know whether multicultural personality characteristics of negotiators affect their negotiation skills and styles. In the present study, we examine the multicultural personality characteristics of Iranian managers and relate these characteristics to their negotiation styles.

### **2.2.1 Janosik study in cross cultural negotiation**

We would like to present a study by Janosik which he carried out on cross cultural negotiation (<http://proquest.umi.com/pqdweb?did=272943791&sid=2&Fmt=3>). The next few paragraphs are the discussion of his study.

Nowadays in global business environment, cross-cultural negotiation has become one of the most critical areas. There are so many research conducted on this topic, and most of these were from North American and European perspectives. However, the popular cultures examined in the Asia-Pacific region have been the Japanese (Graham, 1984; Kramer, 1989; Van Zandt, 1970; Tung, 1982a) and the Chinese (Samuelson, 1984; Pye, 1982). Cross-cultural negotiation style, which is fundamentally concerned with the negotiation strategies and tactics employed by various managers from different cultures, is a culturally sensitive aspect of management (Janosik, 1987; Hofstede, 1984, 1991; Trompenaars, 1993; Trompenaars & Hampden-Turner, 1997).

Janosik (1987) as being cited in Osman-Gani and Tan (2002) identified four approaches in cross cultural negotiation:

1. Culture as a learned behavior
2. Culture as shared system of values
3. Culture as dialectic
4. Culture in context

Culture as learned behavior: This approach illustrates notions like mutuality and justice, attitudes about acceptable outcomes, or concepts about the suitable timing for certain bargaining behaviors as types of conduct that are "learned" by being in a particular culture. For example, negotiation etiquette guides and how to negotiate manuals in different cultures are typical outputs of this approach.

Culture as a system of shared values: This approach assumes that thinking be a head of doing, that one's thinking patterns derive from one's cultural context, and that a single shared value, a commonly held group of values or an ideology produces a typical bargaining style. For example, cultures can be categorized as direct or indirect, and negotiators from these cultures would be assumed to display negotiating behaviors that are influenced by these shared cultural values.

Culture as dialectic: This is based on sets of opposite values like collectivism versus individualism or spiritualism versus materialism. A negotiator's behavior is due to tension between the sets of opposite values and how the negotiators settle the competing values. These opposing values are not static in a culture, and they can change over time. For example, a negotiator from a collectivistic culture, such as China's, is assumed to have a negotiating style that is more or less collectivistic, while a negotiator from an individualistic culture, such as the United States, is assumed to have a negotiating style that is more or less individualistic.

Culture in context: This approach explains that checking negotiation styles as being affected by cultural differences is not possible using only a single cause. Instead, a multi causal model has to be used. Negotiation behavior is shaped by a complex set of factors, including individual personality, cultural values, and social context. According to this approach, negotiation behavior depends on factors such as the individual's age, ethnic group, the other party's behavior, and the presence or absence of others. Although this approach provides a richer understanding of cross-cultural negotiation behavior, this approach is also messier than the other approaches, since it draws on systems theory and offers multi causal explanations of negotiating behavior.

In reviewing Janosik's approaches to understand the impact of culture on negotiations, it was found that each approach has a different concept of what culture is, and the link between culture and negotiation depends on how culture is defined in each

approach. Also can conclude that no matter which approach is adopted, one of the key issues that confront researchers is how to account for individual variations in negotiating styles (Janosik, 1987, 1991). Another point that can be derived from Janosik's study is that the importance of context in studying cross-cultural negotiation.

## **2.3 Iranian managers' cross cultural negotiation styles**

### **2.3.1 Iranian managers' common traits**

As being discussed in Kwintessential (<http://www.kwintessential.co.uk/resources/global-etiquette/iran-country-profile.html>) they conclude that the common traits of Iranian managers during the negotiation are as follows:

- a) It takes time for Iranian to become warm towards foreign businesspeople, until then, they may appear somewhat stiff and formal
- b) Personal relationships from the basis of business dealing
- c) Decisions are made slowly
- d) Title is important to Iranian people, (Agha-yeh) for male and (khanom-eh) for female
- e) Iranians are methodical negotiators who can drive a hard bargain
- f) High-pressure tactics should not be used in negotiation with Iranian. "They can become against you"
- g) Iranian may display emotion, or walk out of meeting, to convince the other party to change their position
- h) Iranian often use time as a negotiating tactic, it means they respect deadlines
- i) Iranian companies are hierarchical, decisions are made with top management, either by one person or a small council

Each country across the world has a different culture, and we must recognize these differences if we are to negotiate successfully with a people from a different country and having a different culture. But first of all, what do we mean when we speak of a country's culture. The concept of culture is indeed very difficult to define, since it is

an all-embracing word. The term "culture" derives from the root word "cult", which the dictionary tells us is, amongst other things, a system of beliefs and rituals. So the system of any culture is the basis of beliefs and rituals, and we therefore find the dictionary (Webster's) defining culture as "the integrated pattern of human behavior that includes thought, speech, action and artifacts, and depends upon man's capacity for learning and transmitting knowledge to succeeding generations".

Before presenting the result of the interviews let us present a discussion of how we develop the measurement for the dependent variable.

### **2.3.2 Hofstede study**

Hofstede (1991) in his book presented four main cultures characteristics. They are power distance, individualism, masculinity and femininity, and uncertainty avoidance that we quote them briefly below. These characteristics helped us to come up with ideas to develop the measurement for the dependent variables of the present study which is "Iranian managers cross cultural negotiation styles".

Power distance can be defined as the extent to which the less powerful members of (Hofstede, 1991, pg. 28). Iran with a power distance index (PDI) score of 58, which was relatively high in the measurement of 50 countries' PDI, (the lowest = 11, the highest = 104). Thus, Iran can be classified as a country with a moderate power distance values. With a moderate power distance values in the society, we can generalize that Iranian managers highly value protecting their own honors, self-respect and dignity.

Individualism refers to the societies in which the ties between individuals are loose and everyone is expected to look after him or herself or their immediate family (Hofstede, 1991, pg 53). In measuring the degree of individualism in the society, Iran with the Individualism Index Value (IDV) score 41 is somewhat at the middle range (the lowest IDV=6, the highest IDV=91). Iran in the classification of individualism/collectivism characteristic somehow is known as a collectivist country. The moderate collectivism characteristic indicates that Iranian managers are towards working in groups and will consider others. In the context of international negotiation, Iranian managers will portray collectivism decision making styles. That is respect others and appreciate mutual decision making.

Masculine culture countries strive for a performance society, and feminine countries for all welfare society (Hofstede, 1991, pg. 96). In masculinity and femininity separation, Iran is known as a feminine country. The masculinity index (MAS index) for Iran was 43, which is lower than the average, (the lowest MAS = 5, the highest = 95). Thus, we can generalize that Iranian managers highly value the process of negotiation and compromise (Hofstede, 1991, pg 103). At the same time, they appreciate relationship and friendship with foreign negotiators.

Uncertainty avoidance refers to the vague in the work place. Iran is referred as a country with strong uncertainty avoidance (Hofstede, 1991, pg. 112). Iran scored relatively high on the uncertainty avoidance index (UAI), which was 59 (the lowest UAI = 8, the highest UAI = 112). With the characteristics of fear of ambiguous situations and of unfamiliar risks (Hofstede, 1991, pg. 125), we can generalize that Iranian managers will be highly prepared when entering an international negotiation process.

In general, we can say that Iranian people have relatively high power distance, somewhat collectivist society, a feminine country and with a strong uncertainty avoidance. Because with feminine characteristics, can conclude that Iranian managers are concern about others. In the present study we can generalize that Iranian managers value relationships and friendship with foreign negotiators. With the high uncertainty avoidance index, we can generalize that Iranian managers will be highly prepared before starting any negotiation process with foreign negotiators. From the discussion, thus we can conclude that Iranian managers highly appreciate and respect foreign negotiators.

### **2.3.3 Interviews with Iranian managers**

With the multi cultural personality characteristics, preparation before negotiation, and relationship building in mind as our independent variables, we had run some interviews in order to shed some light on the Iranian managers' cross cultural negotiation styles.

Before we go for interviews, we already had in mind the questions that we were going to ask from the managers. The topics that were discussed are revolving around the dependent and independent variables of the present study. The following sub-section will

present the interviews that we had with seven Iranian managers' who have had experience dealing with foreign negotiators.

### **Interview Number 1**

E-Mail: ([www.bina-consult.com](http://www.bina-consult.com))

- i. Company: Bina Consulting Engineers
- ii. Name of respondent: A. Moghoofeh
- iii. Responsibility: Project Manager

#### **A. On multicultural personality characteristics:**

He mentioned that Iranian managers in general do not show enough open minded characteristics while making a contract deal with foreign suppliers. It is important to keep in mind that the aim is a successful and profitable deal.

He disagrees that cultural empathy is an effective factor to win in a negotiation.

Advice to not to be emotional and approve emotional stability plays an important role to build Iranian managers negotiation style.

To be flexible seems an assignment in a negotiation for any manager, to win the negotiation. On the other hand Iranian managers always tend to be flexible and make the other side of party comfortable to accept to start the negotiation.

A. Moghoofeh mentioned that Social initiative seems important to Iranian managers but they always have to be aware of it.

#### **B. On preparation before negotiation:**

He thinks that preparation before negotiation is an old concept in the negotiation process. A perfect preparation normally will end up winning in the negotiation. He advices young managers to be prepared for any negotiation that they are going to be involved in the future (Domestic-----International). It will increase their chance to win the negotiation.

#### **C. On relationship building with foreign negotiators:**

He thinks, relationship building difficulty level is based on the other party's country (different cultures). But he strongly agrees that any partnership in the negotiation between both parties' managers' can have a strong affect on the negotiation. The amount

of affection of relationship building in winning a negotiation is different from a country to another (70%-100%).

D. On protecting honor, self-respect and dignity:

He mentioned protecting honor and self-respect are important to Iranian managers and they usually respect themselves and foreign negotiators.

## **Interview Number 2**

- i. Company: Institute for studies in theoretical physics and mathematic(IPM)
- ii. Name of respondent: Kourosch Safavian
- iii. Responsibility: Financial manager

A. On multicultural personality characteristics:

K.Safavian during the interview a few times talked about the importance of the emotional stability and calls it as the most important factor among five multicultural personality characteristic. He agrees that open-mindedness, flexibility and social initiative also are important. As the last word in his interview he mentioned that he does not believe that cultural empathy is very important.

B. On preparation before negotiation:

He defines the preparation before negotiation makes it easy to have further financial relationship. Financial activities exist in the negotiation and play an important role in both parties satisfaction level. He strongly agrees with preparation before negotiation as a financial manager and believes that finance is an on-time job and responsible for delay.

C. On relationship building with foreign negotiators:

His opinion on Relationship Building with foreign negotiators as a general manager is strongly positive.

D. On protecting honor, self-respect and dignity:

He strongly believes that protecting honor, self-respect and dignity are the key elements to success for any manager in the negotiation process. He believes that if managers protect their honor then can expect from other parties negotiators to respect their feelings and believes.

**Interview Number 3** (www.indamin.com)

E-Mail: [Commerce@indamin.com](mailto:Commerce@indamin.com)

- i. Company: INDAMIN SAIPA Shock Absorber
- ii. Name of respondent: J. JAFARI
- iii. Responsibility: Export Manager

**A. On multicultural personality characteristics:**

He mentioned that open-mindedness and cultural empathy are the most important items between multicultural personality characteristic five items. Mr. JAFARI thinks that Iranian managers should improve their open-mindedness and have a wise cultural empathy on their mind.

**B. On preparation before negotiation:**

He said that knowing the other party's country before negotiation can help with the negotiation process but it is not that important to him. He reads journals and news from the other party's country, and he always tries to meet up with the other party in Iran before the negotiation starts to prepare for the negotiation. Of course he tries his best to understand their culture and behavior before he starts meeting them in the negotiation process.

One of his important characteristics is being concern about the market condition and other party's needs and wants.

**C. On relationship building with foreign negotiators:**

Although he believes that relationship building with foreign negotiators is a factor that helps the negotiation to go on smoothly but he said that foreigners don't appreciate the friendship with them.

He concluded that relationship building with foreign negotiators does not seem very important to his consulting group members. He tries to make foreign negotiators feel at home when they are in Iran.

There are some fun activities besides the formal relationship between negotiators such as having dinner together, swimming, and play sports and so on.

As a senior export manager, he mentioned that his group members will keep in touch with the other counter part when the negotiation is over as there may be any future probable negotiations.

#### **D. On Iranian managers cross cultural negotiation style:**

In the interview he said that he is a person who respects himself and is proud of his culture. He is sensitive to matters that threat his culture and his personality. He said that hierarchy in the organization is respectable to him but he is so sensitive to the matters that relates directly to him. He is sensitive about what people say about him and sensitive to the thought of foreign negotiators about himself. He really believes in self respect in his job and he is so sensitive to making joke of his belief and values with other people.

As the last statement he said that he really cares about his performance in his deals with foreigners and he feels so secure during the negotiation with foreigners.

#### **Interview Number 4**

- i. Company: INDAMIN SAIPA Shock Absorber
- ii. Name of respondent: Mr Rezaian
- iii. Responsibility: Chemistry manager

#### **A. On multicultural personality characteristics:**

He believes that Iranian managers behavior have a strong effect on negotiation well on-going. They have to be clever and wise.

#### **B. On preparation before negotiation:**

One of the most important factors to be successful in a negotiation is the preparation before that negotiation. If a manager gets to know the other parties' managers then can identify the negotiation.

On relationship building with foreign negotiators:

Relationship building will help a manager to be independent and open minded.

C. On protecting honor, self-respect and dignity:

He strongly agrees with protecting honor, self-respect and dignity in the management level. He called it as an important element that should be applied in management role.

### **Interview Number 5**

- i. Company: INDAMIN SAIPA Shock Absorber
- ii. Name of respondent: Mr Sobhani
- iii. Responsibility: External preparation manager

A. On multicultural personality characteristics:

Obviously there is a direct and effective relation between personality characteristic and managers' negotiation style. Because when a manager enters to an international negotiation, he/she should have knowledge regarding the respective area, traditional manners and behavior of the other part managers, their behaviors, and their weak points to respond with a good manner without any disturbance in mind.

B. On preparation before negotiation:

Regarding to the first answer about managers personality characteristic, need for gathering information will appear to a manager before any negotiation. Bigotry should be avoided in information gathering process for negotiations otherwise negotiation will not end up with good results.

C. On relationship building with foreign negotiators:

The equilibrated relation is needed between parties in negotiations but a manager should be aware that the relationship does not affect his/her strategies. But a simplify