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Can outnumbered negotiators succeed? The case of intercultural business negotiations

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ABSTRACT

Culture likely affects the choice of negotiation strategies significantly, and culture-dependent preferences for negotiation strategies could lead to conflict when negotiations cross borders. Negotiators often regard some degree of adaptation to the culture of their negotiation partner as a solution to such conflicts. The authors test this suggested solution in an asymmetric setting, in which a solo (outnumbered) negotiator faces a team. Two studies that employ web-based negotiation simulations show that only solo negotiators adapt to the negotiation strategies of their team counterpart. In a third study that uses a symmetric (solo–solo) setting, the adaptation effect disappears. These studies thus illustrate the greater social impact of teams versus solo negotiators. For outnumbered negotiators, adaptation is particularly beneficial (i.e., increases negotiation profit) if it involves an increased use of integrative strategies. The degree to which negotiators succeed in intercultural negotiations thus depends on their counterpart's (team's) culture.

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1. Introduction

International trade – and thus intercultural business negotiations – has dramatically increased in recent decades (Wilken, Jacob, & Prime, 2013). However, people from different cultures differ in their preferred negotiation behavior (Gunia, Brett, & Gelfand, 2016; Tse, Francis, & Walls, 1994). To explain these cultural differences, and particularly the use of specific negotiation strategies that might influence negotiation outcomes, prior studies often rely on the individualism/collectivism continuum as a key construct (Brett & Okumura, 1998; Gelfand & Christakopoulou, 1999; Gelfand & Dyer, 2000). Collectivist negotiators regularly try to increase both sides' economic outcomes and behave more integratively, whereas individualistic negotiators often focus on their own profit (Schei, Rognes, & Shapiro, 2011), using distributive strategies (Weingart, Brett, Olekalns, & Smith, 2007).

When negotiators from different cultures encounter each other, considerable potential for conflict thus exists; the goals they pursue, their beliefs about what is important in the social interaction, and their views on appropriate conduct may be

incompatible (Adair & Brett, 2004; Ready & Tessema, 2009). The distance between national cultures can impede communication in general and cooperation in negotiations in particular (Ahammad, Tarba, Liu, Glaister, & Cooper, 2016). Negotiators often view adaptation to their counterpart's cultural norms as a potential remedy to these conflicts, such that it might reduce the threat of perceptions of inappropriate behaviors or misunderstandings (Francis, 1991).

In this context, adaptation involves “an emergent process that happens as negotiators discover each other's styles, interpret each other's goals, and gradually begin to move in sync” (Adair & Brett, 2004, p. 169). Although research has established that adaptation to a counterpart occurs in intercultural negotiations (Adair, Okumura, & Brett, 2001; Adair, Taylor, & Tinsley, 2009), two theoretically and practically important questions remain unanswered: Which factors determine the degree of adaptation of either party? And if there is asymmetric adaptation (i.e., one party adapts more than the other), what are the consequences for that adapting party with respect to negotiation outcomes?

To address these questions, the current research investigates negotiations between teams (i.e., several people who perform the negotiation task jointly) and individuals. Most experimental studies on intercultural negotiations focus on one-to-one negotiations (Liu, Friedman, Barry, Gelfand & Zhang, 2012; Lügger, Geiger, Neun, & Backhaus, 2015). In practice, however, companies

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often prefer teams over individual negotiators (Brett, Friedman, & Behfar, 2009; Brodt & Thompson, 2001), for several reasons: Teams have “access to greater expertise” and possess “the ability to . . . implement more complex strategies than a solo negotiator can ever pull off” (Brett et al., 2009, p. 109), which eventually helps them outperform solo bargainers economically (Brodt & Thompson, 2001; Polzer, 1996).

Accordingly, the predictions for this study reflect the conceptual blending approach proposed by Oswick, Fleming, and Hanlon (2011), by bridging research on negotiations from international business studies with findings from social sciences and psychology. More generally, Brett and Thompson (2016) note that research on intercultural negotiations lacks “insight[s] into the dynamic processes by which intercultural negotiators adjust to each other’s culturally normative use of negotiation strategy” (p. 75). In response to this concern, the present study seeks to move beyond culture-bound negotiation styles to investigate the role of culture empirically in an asymmetric (team vs. solo) setting. Social impact theory provides the foundation for predicting both parties’ behaviors (including their degree of adaptation) in asymmetric international business negotiations.

In turn, this research offers three main contributions. First, it tests whether negotiation by a team causes solo bargainers to adapt to negotiation strategies that are not typical in their own cultural background (i.e., level of collectivism) but rather are more conventional to the culture of their team counterpart. The findings thus extend knowledge on adaptation in intercultural negotiations (Adair & Brett, 2004; Adair et al., 2001, 2009). Second, this research analyzes the relationship between the use of negotiation strategies and economic negotiation outcomes for outnumbered negotiators. Mannix and Neale (1993) suggest that cooperation may help overcome dominance, but no prior research has tested this relationship in intercultural settings, despite the practical relevance for outnumbered negotiators (Mantrala et al., 2010). Third, this article tests whether teams perform better than individuals in intercultural settings, using simulated negotiations and observed real behavior, rather than conventional self-reported questionnaire measures or interviews (Ahammad et al., 2016; Khakhar & Rammal, 2013). This experimental approach supports an investigation of the variables of interest with clear controls, to enhance “understanding [of] when cultural values will have an influence, and when they will not” (Leung, Bhagat, Buchan, Erez, & Gibson, 2005, p. 372).

Fig. 1 displays the research model. Studies 1 and 2 use asymmetric dyads (i.e., a team meets an individual), in which the

outnumbered focal negotiator should exhibit adaptation to the opposing team. In the symmetric setting in Study 3, the adaptation effect should diminish or even disappear. Accordingly, the next section of this article offers a review of research on bargaining teams and their social impact in intercultural settings, together with some important findings about culture-bound negotiation strategies. Following the presentations of the three studies, this article concludes with implications for theory and practice.

2. Conceptual background and hypothesis development

2.1. Advantages of teams over individual negotiators

Recent game theoretic research indicates the superior performance of teams. Groups fall prey to certain biases less often than individuals; they make fewer errors and faster and better decisions in uncertain environments. Moreover, groups tend to behave more rationally than individuals and coordinate much more efficiently, thus achieving higher levels of payoff (Kugler, Kausel, & Kocher, 2012). When competing with individuals, teams thus tend to outperform them substantially; they assess strategic situations more quickly and make better, more self-interested decisions overall (Charness & Sutter, 2012). In addition, Maciejovsky, Sutter, Budescu, and Bernau (2013) report that teams act more strategically and learn more quickly than individuals, so that they perform better than their best individual member.

In integrative negotiation research, Thompson, Peterson, and Brodt (1996) conclude that teams engage in information exchanges more often, judge more accurately, and achieve relatively better outcomes than individuals, because they can better deal with realistic and complex exercises. Morgan and Tindale (2002) also provide evidence that teams outperform individuals and generate higher individual and joint profits.

Several psychological processes have been proposed to explain this finding. In negotiations that generally entail some level of competition, teams exhibit a high level of effort and work as an entity (Bazerman, Mannix, & Thompson, 1988; Sally & O’Connor, 2004). Through intragroup information exchange (Fraidin, 2004; Gruenfeld, Mannix, Williams, & Neale, 1996) and social processing of information (Davis & Harless, 1996), teams use various knowledge sources contributed by each team member (Sally & O’Connor, 2004). These knowledge sources enable teams to make the most appropriate decisions (Thompson, Peterson, & Kray, 1995) and respond better to feedback through their combined learning and idea exchange behavior (Davis & Harless, 1996). Because

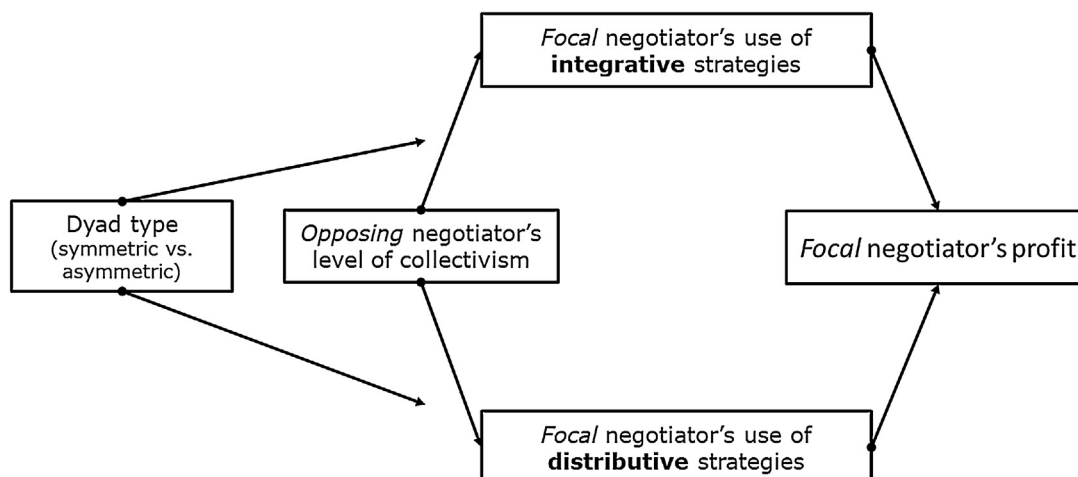


Fig. 1. Research model for intercultural solo-team negotiations.

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