Culture and Negotiation

The role of culture in business negotiations between Indian and United States companies

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Summary

Title: Culture and Negotiation – The role of culture in business negotiations between Indian and United States companies.

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The purpose of this thesis is to outline the way in which culture influences the negotiation process between negotiators of India and the United States. Furthermore, it explores the specific aspects of national culture that may potentially cause friction throughout the negotiation and lead to an unsuccessful outcome of the encounter.

The thesis begins with a brief description of the evolution of Indian – American relationships over the recent decades. It continues by outlining the relevant cultural theories with the main purpose of clarifying and elaborating on the cultural basis of the paper and how those theories apply to India and the United Sates. The thesis also touches upon negotiation theory, as to provide the reader with knowledge about the theories that are used, in order to identify problematic areas in the negotiation. To provide a link between the two frameworks, thus transcending the mere outline of theories, a discussion on the role of culture in the negotiation process is also included.

Additionally, the paper explores the depths of the Indian mindset and elaborates on how it affects their negotiation behavior.

The cardinal aim of this thesis is to outline how culture influences the negotiation between Indians and Americans; therefore it also presents and discusses a framework introduced by Salacuse, which comprises ten different factors that affect negotiations in general. Going beyond the explanation of those, all of the factors are applied to the Indian and American mindset. Finally this results in a particularly suitable comparison, emphasizing similarities and differences in the negotiation behavior of both countries. By focusing on India and the United States, the thesis provides further insight for managers, who participate in cross-cultural negotiations, and facilitates the encounter by highlighting potential pitfalls, which need to be avoided.
I. Introduction

With the expansion of global economic activity, negotiation proficiency has turned into a basic prerequisite for every venture between two or more businesses. It is a pervasive process of communication “by which two or more persons seek to advance their individual interests through agreement on some future action” (Salacuse, 2010, p.200). As more and more negotiations between representatives of different cultures are conducted, a considerable body of literature has been dedicated to the exploration of the role of culture in the negotiation process.

Culture itself encompasses an individual’s learned and shared behaviors, values and material objects. In addition, it involves the actions and activities of people with which they express those values and behaviors. Culture shapes societies and nations. It does so, by providing similar life experiences and identical interpretations of what those experiences mean (Varner & Beamer, 2011,). Hofstede (1972) brings further insight into the issue and describes culture as “the collective programming of the mind which distinguishes the members of one category of people from another”. Since culture influences people’s thinking, communication and behavior, it may lead to misinterpretations and differences in expectations. Those pitfalls may be remedied by obtaining sufficient knowledge and understanding of the opposing culture. However, as the world’s cultures are numerous and diverse, it seems to be impossible for any negotiator to understand all the cultures that may be encountered. Consequently, this paper focuses specifically on negotiations that take place between representatives of two specific countries, namely India and the United States of America.

The United States is one of India’s most important and largest trading partners1. Throughout the past several decades the countries have had multiple economic and business relations2. Furthermore, as the United States is the world’s most powerful democracy and India the world’s most populous country(Thakur, 1996, p.591), it is of particular interest to explore how these countries manage their relation through negotiations and whether their cultures cause friction during the negotiation or cause it to fail. Consequently, the purpose of this paper is to provide a culture-based explanation and examination of business negotiations between Indian and United States negotiators. The thesis will focus specifically on the cultural aspects which influences a negotiation in an unconstructive way and results in a negative outcome. Its aim is to examine the way both cultures act throughout the course of negotiations and try to explain the reasons for their behavior.

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2 http://www.fas.org/sgp/crs/row/RL34161.pdf
1.1 Problem Statement
Which aspects of culture may influence negotiations between Indian and United States negotiators? What are the most pervasive cultural reasons for the potential failure of Indian-U.S. negotiations?

1.2 Theory of Science
This section will explain the scientific tradition that has been chosen, in order to provide the reader with an understanding of the philosophical foundations of the thesis.

Science is a part of the knowledge that is devoted to the describing and understanding of the universe. However, when we see knowledge as part of the universe, complexity arises, as science becomes embedded. Due to the fact that the problem statement focuses specifically on the topic of culture and how it affects the social phenomena of negotiation, the theoretical approach chosen for this thesis is Social Constructionism.

Social Constructionism is a multidisciplinary approach to the social sciences, which is influenced by a number of disciplines such as philosophy, sociology and linguistics. Nevertheless, there is no single description and no feature which could be said to identify a Social Constructionist position. Instead, Burr (2001) groups as social constructionist, any approach which has at its foundation one or more of four key assumptions (Burr, 2001, p.2). The first of these assumptions states that Social Constructionism insists that one has a critical stance on the widely accepted knowledge and the taken-for-granted ways of understanding the world. The second assumption maintains that the ways in which we understand the world, the categories and concepts we use, are historically and culturally specific. The third assumption, which Social Constructionism holds, is that knowledge is constructed through social interaction. The understanding of the world is the product of the social processes and interactions in which people are constantly engaged with each other (Burr, 2001, p.4). The final assumption is that knowledge and social action go together, meaning that each different construction of the world brings with it a different kind of response from human beings (Burr, 2001, p. 5)

1.3 Method and Structure
In order to examine the role of culture in the negotiation process between American and Indian negotiators, this paper takes a qualitative approach. The main goal is to answer the problem statement which is done by analyzing different cultural and negotiation theories and putting them in

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3 Little, R. Graham  [http://grilphilosophy.co.nz/tos.htm](http://grilphilosophy.co.nz/tos.htm)
the context of an Indian and United States context. The data used for the thesis is collected from secondary sources such as studies, articles and some empirical analyses on the subject. As the paper is culture-based, all the chosen sources and scholars quoted are specializing in the fields of culture, communication and negotiation thus, in order to achieve a reliable thesis.

The thesis begins with an overview of the shared history of India and the United States so as to provide the reader with the contextual framework of the paper. Subsequent to this, a definition and analysis of culture and cultural values is given in resulting in the cultural framework that this paper employs. Following this, Hofstede’s cultural dimensions are elaborated on, since they offer the reader a tangible way of characterizing and differentiating, both Indian and American cultures. After the presentation of Hofstede’s paradigms, the theoretical framework continues with a criticism of said scholar and then put forward the value dimensions of India and the United States. In addition, Edward Hall’s (1976) concepts are included so as to supplement Hofstede’s cultural dimensions.

The paper thereafter presents the relevant negotiation theory and examines the specific link between culture and negotiation and how culture may influence the negotiating behavior. Afterwards, the work of author Rajesh Kumar (2004) is employed in order to give the reader a better understanding of the driving values of Indian negotiating behavior. Finally, through the framework of Jeswald Salacuse (2003), this thesis compares the Indian and American negotiating behavior.

Building upon what has been mentioned so far, a conclusion summing up all findings of the paper is presented.

1.4 Delimitation

This thesis focuses on national cultures and the cultural aspects of a negotiation. Intracultural differences within India and the United States are not considered, even though those could be significant, due to the geographical size and large population of both countries. Furthermore, the paper does not explore multi-party negotiations. Although, they are a challenging type of group decision making worth of exploring they are omitted because this paper does not focus on the group but rather the individual. In addition, as the thesis’ aim is to analyze the verbal communication and how culture influences the communication, it does not take into consideration the nonverbal cues and behavior in a negotiation even though they can represent a significant cause for cultural misunderstandings. This is a simplification of reality. However, for the scope of this thesis it has been considered necessary to only focus on the cultural aspects of negotiation. Another limitation is
that the thesis does not explore the ethical aspects of the negotiation between United States and Indian negotiators. Finally, there is a noticeable inclination throughout the paper towards exploring the Indian aspect of the negotiation process. This is contributed to the numerous research that has been done on the United States negotiating behavior and the rather scarce material on India.

2. India and the United States

The purpose of this section is to present the mutual history and relations of the United States and India so as to provide a historical, economic and political context to the paper. It focuses on the shared history, economic and political dealings of the two countries since India’s independence in 1947 and does not touch upon the years previous to this event, as India was under the rule of the British Empire.

Liberated India became a parliamentary democracy with a free press and guaranteed individual rights at midnight on August 15, 1947 and was recognized by the United States on the same date. Nonetheless, the leaders of independent India inherited the Anti-American prejudices of their former British rulers. In addition, during the Cold War, India developed a closer relationship with the Soviet Union than with the United States, which led to aloof dealings between the two countries. The relations improved in later years of the Cold War period, however, not much progress was made on substantial issues (p.574). Even though the connections between the two countries were strained, it is interesting to point out that India’s parliamentary democracy and extensive academic links to the West gave it substantial “Western” credentials. During the 1980’s, approximately 25,000 Indians on average migrated to The United States each year (p.575).

The warming of New Delhi- Washington relations began after the disintegration of the Soviet Union. During the Clinton and Bush eras, the relations between the two countries improved. This was partly due to the absence of an alternative, like the USSR, and partly due to India’s need for energy security, both countries’ common views on climate change, and their common concerns over Muslim extremism (Ninian, 2011, p.33).

A landmark in the Indian / United States relations, were the terrorist attacks on the World Trade Center in 2001. Immediately afterwards, India declared itself to be the United States’ ally in the common war against terrorism and offered full cooperation and the use of India’s bases for counter – terrorist operations. The following terrorist attacks on Mumbai, in 2008, reinforced that decision. The whole process of collaboration between the two countries also coincided with a great turn-
around of India’s economy, enjoyed growth of 8% to 10% annually in the following years. What is more, the United States accounts for about 60% of India’s 60 billion dollar IT services. However, the flow of money is not exclusively one-way. India is the third largest investor in the States and it is the second fastest-growing investor. In addition, the trading benefits that the United States and its businesses are going to accrue from doing business with India, in the next 6 or 7 years, could result in the placing of orders worth 15 to 20 billion dollars (p.38).

There is plenty of “white space” for United States’ companies to expand their revenues and businesses in India (Bagla, 2008, p.16). The country needs United States’ capital and technology, whereas the United States can exploit the vast Indian market potential.

### 3. Theoretical framework

#### 3.1 Definition of culture and values

The purpose of this part of the thesis is to describe and define culture and values in general, in order to provide the cultural framework that the paper is going to rely upon. As different cultures view the negotiation process from different perspectives, with dissimilar expectations for its conduct and outcome, it is essential for a negotiator to comprehend the value concept and the meaning of culture when engaging in cross-cultural negotiations.

Culture is difficult to describe as it is a rather vast and inclusive concept. It is something that goes mostly indiscussed by the members who share it. Those members go about their daily lives without being overtly conscious of their culture’s influence on them. As E.T. Hall wrote: “Culture is those deep, common unstated experiences which members of a given culture share, which they communicate without knowing, and which form the backdrop against which all other events are judged”(Hall, 1966).

Culture shapes societies, and that shaping comes from their similar life experiences and interpretations of what those experiences mean. It gives us assumptions about the ideal beyond what a single person may experience. It helps people set up priorities, establish rules for behavior and provides justification for that behavior (Varner & Beamer, 2011, p.9).

Culture is simultaneously invisible, yet pervasive and has a profound effect on humans and their communication. People from different cultures communicate differently. They use verbal and nonverbal symbols, which are influenced by their culture (Neuliep, 2006, p.15).
Although, there is not a universal description of culture and there are more than 500 different definitions of it, there are a number of characteristics upon which, most people agree, describe its essence. For the purpose of this paper, James Neuliep’s definition of culture is used, namely that culture is “an accumulated pattern of values, beliefs and behaviors, shared by an identifiable group of people with a common history and verbal and nonverbal symbol system” (Neuliep, 2006, p.21).

When explaining the nature of culture, the “onion metaphor” has often been employed. The outermost layer is behavior, the words and actions of a person. The second, inner layer consists of the attitudes of the people from the specific culture to particular events and phenomena. Next, come the norms. They embody the rules that need to be followed in a specific situation. The innermost layer consists of values. They are the most fundamental part of national culture. People who exist in the same culture usually have similar values. They represent the broad preferences for one state of affairs above others, are acquired in the family and during a child’s first years of life, are further developed and confirmed at schools, and reinforced in work organizations and daily life within the national cultural environment. The values of a particular culture give its members a set of expectations and rules prescribing how they should behave in that culture. They determine what is good and evil, beautiful and ugly, natural and unnatural, rational and irrational, normal and abnormal (Hofstede & Usunier). Furthermore, values play a major role in determining the behavior and communication style in an international negotiation.

3.2 Hofstede’s value dimensions

This part of the paper focuses on the work of Dutch social psychologist Geert Hofstede; creator of one of the most frequently used theories in cross-cultural studies. Hofstede conducted a vast research, and gathered data from the managers in IBM’s offices in 72 countries. Based on the data collected, he could identify characteristics that could be used as a basis for comparisons from culture to culture. The author called the characteristics cultural dimensions. The study yielded four dimensions which are as follows: Power Distance, Individualism versus Collectivism, Uncertainty-Avoidance versus Uncertainty Tolerance, Masculinity versus Femininity. In addition, to the initial four dimensions, Hofstede later added a fifth one, namely long term orientation versus short term orientation.

The research and findings of Hofstede are included in the thesis, as they help to explain and to predict theoretically the similarities and differences that exist across cultures. Another reason for choosing this theory is because it presents some clear and measurable characteristics of national
culture that can be used in order to distinguish potential problem areas in the meeting of Indian and United States’ cultures.

3.2.1 Power distance
Power distance refers to “the extent to which the less powerful members of institutions and organizations accept that power is distributed unequally” (Hofstede & Bond, 1984, p. 419). More precisely, this dimension refers to the degree to which less-powerful members of an organization or society tolerate unequal distribution of power. This indicates that members of high power distance cultures see power as a basic fact in society while members of low power distance cultures believe power should be used only when it is legitimate.

This is especially valid in workplace environments in which people from high power distance cultures do not question their managers and expect to be told what to do, while people from low power distance cultures do not necessarily accept superiors’ orders at face value and want to be given reasons as to why they are to obey the orders. When people from those two different systems interact, misunderstanding and conflict is likely, unless one or both of the parties understand the other person’s system (Gudykunst & Kim, 2006, p.77).

3.2.2 Individualism - Collectivism
The individualism-collectivism dimension is expected to affect the communication throughout a negotiation mainly through its influence on group identities and the differentiation between in-group and out-group communication. The issue that this dimension addresses is fundamental to all societies in the world.

Individualistic cultures are those that emphasize individual achievements and rights, they put the individual first, whereas collectivistic cultures emphasize the group’s achievements and rights, the group comes first. Moreover, “the emphasis in individualistic cultures in on the individual’s initiative and achievement, and emphasis is placed on belonging to in-groups in collectivistic societies” (Gudykunst & Kim, 2006, p.56). This clearly illustrates the focus on the individual in individualistic societies, and the focus on in-groups in collectivistic ones.

The members of individualistic cultures belong to many in-groups (family, work, religion, social club etc.). As they are so numerous, it is hard for an single in-group to exert any sort of influence on the behavior of the individual. On the other hand, members of collectivistic cultures belong to a limited number of general in-groups, which can largely influence the behavior of the individual. As a result of these influences, people in individualistic cultures tend to be universalistic and apply the
same value standard to everyone. Whereas, people in collectivistic cultures, are particularistic and apply different value standards to members of their in groups and out-groups (Gudykunst & Kim, 2006, p.56).

3.2.3 Masculinity-Femininity
This cultural dimension refers to the way gender roles are distributed in cultures. Masculinity is a way to characterize cultures that put a significant emphasis on assertiveness, competitiveness and material success. It is typical for societies in which social gender roles are clearly defined and distinct. Femininity, on the other hand characterizes cultural preferences for collaboration, nurturing, and harmony. It pertains to societies where gender roles overlap.

Cultural systems, high in masculinity, focus on performance and ambition. The people in those societies have stronger motivation for achievement. There exist greater value differences between men and women in the same working position, view recognition, advancement or challenge as more important to their satisfaction with their work. Oppositely, cultural systems, which are high in femininity, value quality of life and service. Furthermore, they focus more on relationship enhancement, regardless of group ties and connections (Gudykunst & Kim, 2006, p.77).

In order for people with different culture values to communicate successfully, it is necessary to understand each other’s orientation toward gender-roles.

3.2.4 Uncertainty Avoidance
This dimension “refers to a society’s discomfort with uncertainty, preferring predictability and stability” (Schneider & Barsoux, 2003, p.87). In other words, it represents the tendency of people in a certain society to behave so as to arrange things in a way that minimizes unforeseen consequences. In cultures, high in uncertainty avoidance, there is a strong desire for consensus, which results in rejection of deviant behavior. The members of these cultures also tend to display their emotions more than the members of low uncertainty avoidance cultures. They develop rules and rituals for various different situations, in which they might find themselves. As a result, interactions with people from a culture high in uncertainty avoidance may appear to be highly ritualistic and polite.

3.2.5 Long-term Orientation versus Short-term Orientation
The fifth cultural dimension in Hofstede’s work is Long-term versus Short-term Orientation. It can be interpreted as dealing with society’s search for virtue. This dimension was added later the first four. This was done in order to avoid cultural bias, as the first four dimensions were the result of a
Western perspective. The dimension includes values such as perseverance, thrift, observing a hierarchy of status in relationships, and also having a sense of shame (Varner&Beamer, 2011, p.97). Societies with a short-term orientation generally are normative in their thinking. They exhibit great respect for traditions, a relatively small propensity to save for the future, and a focus on achieving quick results. In contrast, in societies with a long-term orientation, people believe that truth depends very much on situation, context and time. They show an ability to adapt traditions to changed conditions, a strong propensity to save and invest thriftiness, and perseverance in achieving results. Overall, the five dimensions provide a powerful explanatory framework for understanding cultural similarities and differences in communication between people from different cultures.

3.3 Critique on Hofstede

In order to avoid bias and to increase the validity of the paper, this section will present some noteworthy criticism on Hofstede’s theory.

To begin with, the underlying assumption of the Hofstede’s research is that culture remains unchanged over time and that the original data collected in the 1960s, can serve as a common base for cross-cultural analysis as the one collected through the 1970s, 1980s, 1990s, and even tomorrow (Fang, 2009, p.3). By making that assumption, Hofstede’s theory ignores the role that context and time play in culture which according to Fang can lead to the stagnation of culture at stereotypical levels (Fang, 2005). In addition, another contradictory assumption that Hofstede utilizes is the equating of nation states with cultures. By doing so he is making the rather big assumption of ethnic homogeneity in historical or political arrangements of societies. As Baskerville points out “Cultures do not equate with nations” (Baskerville, 2003, p.6).

Furthermore, the study was conducted only with employees from IBM which would suggest a bias that makes the findings less valid towards describing culture in another context. One can argue that the subsidiaries of one company cannot provide information about entire national cultures.

Another aspect of Hofstede’s theory which is an object of criticism is the fact that it is a static theory. Cultures have changed over the time he performed the study. In addition, it could be also contended that it is impossible to employ a static theory to the active process of intercultural negotiations.

http://geert-hofstede.com/dimensions.html
Even though the criticism on Hofstede’s theory is sound and wide-ranging, it still remains one of the most influential theories on culture in the social sciences. It also provides a simple and measurable framework for comparing different cultures; as such it is employed in this thesis.

### 3.4 India and the United States along Hofstede’s dimensions

The purpose of this section is to present the reader with an analysis of the index values of India and the United States along Hofstede’s value dimensions and their implication. By looking at figure one which appreas the mentioned five dimensions of Hofstede to both countries, major differences become visible.

![Fig. 1](http://geert-hofstede.com/india.html)

India scores high in the Power Distance dimension (77), whereas the United States score rather low (44). In general, this means that, an unequal distribution of power is commonplace for Indian culture. The real power is centralized and higher-ups count on the obedience of subordinates. Oppositely, the low score of the United States indicates an equal power distribution which, according to Hofstede, underscores the American premise of “liberty for all”. Communication processes are informal, direct and participative. The large cultural difference shown by these scores may indicate a problem area for a negotiation in an Indian American context. It is possible that the egalitarian view of Americans clashes with the hierarchical outlook of the Indians.

In the Individualism versus Collectivism dimension, Indian culture received a score of 48. According to the index India is inclined towards the collective side of the spectrum, while the

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United States with a score of 91 is strongly on the individualistic side. This value index shows that Indian culture is very relationship and group driven (Clem & Mujtaba, 2011, p. 84). The representatives of Indian culture are expected to act in accordance with the rules and stipulations of their defined in-group. However, the high score of the United States displays an expectation of people, in that culture, to take care of themselves and their immediate families. This can be problematic as the collectivistic Indian may require a stable relationship with the American in order to carry out the negotiation. The obtaining of such a relationship will require time and effort. The United States negotiator, coming from an individualistic culture, might not understand the value of this relationship and chose to end the negotiation.

India and the United States have similar results in the Masculinity versus Femininity dimension. The former’s score of 56 and the latter’s of 62 categorizes their cultures as masculine. Even though India’s score is mildly above the mid-range value, Hofstede observes that the country is actually very masculine in terms of visual display of success and power. Even though India’s score is mildly above the mid-range value, Hofstede observes that the country is actually very masculine in terms of visual display of success and power. The case is similar to the one in the United States, in which people “are reluctant to accord social status to anyone for reasons other than visible achievement” (Lewis, 1996, p. 78).

In the Uncertainty avoidance dimension, India scores 40 and therefore has a medium low preference for avoiding uncertainty. This means that Indian culture accepts imperfection and is highly tolerant of unexpected events and does not require perfectionism. The culture of the United States is also uncertainty accepting with a score of 46. The culture has a great acceptance of innovative ideas and allows the freedom of expression.

In the fifth and final dimension, Long - term versus Short - term orientation, India scores 61. This signifies that it is a long – term, pragmatic culture. This is due to the Indians perception of time as circular and not as important as in Western societies. In this dimension the United States scores 29, marking it as a short-term oriented culture. Performance is measured on a short-term basis, which results in individuals who strive for quick results within the work place. This difference in values may lead to friction, as the Indian negotiator looks for the long term result of the deal making, whereas the American is more concerned with the immediate results of the negotiation.

In order to supplement Hofstede’s cultural dimensions, the following paragraphs present the work of Edward Hall and his view on culture.

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7 http://geert-hofstede.com/india.html
3.5 Communication, Time and their role in the negotiation

The aim of this section is to examine another cultural framework that has been used in this paper, namely Edward Hall’s research on “low” and “high” context cultures and the concept of Chronemics. The “low” and “high” context theory explores culture through the perspective of communication, as communication is vital for every negotiation. The concept is explained, in order to account for the communication differences that can arise, when two different cultures communicate. Moreover, the concept of Chronemics is inspected as to explain the different cultures’ view of time and how that can influence the communication in a negotiation.

3.5.1 Chronemics

According to Hall, the world is divided into monochronic and polychronic cultures. The first has a linear view of time, while for the latter; time is viewed as a flexible, cyclical commodity.

Cultures that stress the completing of a task before embarking on the next are considered to be monochronic. In those societies, punctuality is crucial, schedules are set in stone, agendas are fixed, and there are no interruptions throughout a business meeting (Gesteland, 2012). In a negotiation, people from cultures which are more time-orientated tend to put more focus on the result of the negotiation.

Within the cyclical framework, events that occur, take as long as they take and should not be rushed (Varner & Beamer, 2011, p.131). A business meeting in a polychronic culture is most likely not to begin on time and not follow a set agenda. In a negotiation, cultures which view time as multidimensional put more focus on relationships and people, and tend to do various tasks simultaneously (Adler, 2002, p.18). In a business perspective, people in polychronic cultures place less emphasis on strict punctuality, are more likely to miss deadlines and tend to value loose scheduling (Gesteland, 2012).

India is situated at the far polychronic end of the cultural continuum. As such, the country is characterized by a lack of punctuality and a flexible time concept. Indians’ lack of regard for time stems from them having more of a “being” than a “doing” orientation to the world. According to Kummar, it is that difference in the orientation that is likely to affect Indian sensitivity to time (Kummar, 2005, p.3).

The United States on the other hand, exhibit a relatively rigid-time culture. They tend to treat time as a tangible asset which can be “saved, spent, lost found, invested or wasted” (Gesteland, 2012).
For people in the United States, “Time is money”. In such a profit-oriented society time is a precious and scarce commodity (Lewis, 1996, p.77)

Monochronic and polychronic time orientation tends to lead to two other significant cultural phenomena namely: high and low context cultures.

### 3.5.2 High and low context cultures

High-context cultures rely on context when communicating. The communication exchange is based either on the actual physical environment of the communication, an internalized social context or both. The communication is more implicit, with subtle meanings embedded behind and around the spoken or written word (Adair & Brett, 2005, p.37). The message is one in which “most of the information is either in the physical context or internalized in the person, while very little is in the coded, explicit, transmitted part of the message” (Hall, 1976, p. 79). Low-context cultures, on the other hand, have the meaning of the message entrusted almost entirely in words. In these cultures, context is referred to explicitly in communication. The message is direct and as Hall states it “the mass of information is vested in the explicit code” (Hall, 1976, p.70).

The members of low-context cultures tend to put their thoughts into words as they believe that when messages are in explicit words, the other side can understand them better and act accordingly. Oppositely, high-context cultures rely on context to clarify and complete a message and are less likely to trust words when communicating.

India is characterized as a high-context culture. As such, the Indians are very polite and in trying to be so, tell the listeners what they want to hear. Furthermore, they tend to avoid saying something that the opposite party may find unpleasant, as a result they hardly give a negative answer (Gesteland, 2012). It is worthy to point out though, that their communication style is more verbose than other high-context countries (China, Japan, Korea) and they express their emotion much more freely than other high-context cultures.

People from the United States use low-context communication. Directness is highly valued. The content of the communication does not change regardless of the context in which it takes place. In addition, representatives of the culture of the United States tend to become suspicious of business people who use indirect, vague or ambiguous communication.

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With regards to communication style throughout a negotiation and the effect of time on the negotiation process, as one is able to see from the figures 2 and 3 displayed below

**India**

Fig. 2 (Source: Richard D. Lewis, When Cultures Collide: managing successfully across cultures, 1996, p.343)

![India Diagram](image)

**USA**

Fig. 3 (Source: Richard D. Lewis, When Cultures Collide: managing successfully across cultures, 1996, p.102)

US negotiators view the process as a “give and take scenario where both sides should put all their cards on the table at the beginning and waste no time beating around the bush” (Lewis, 1996, p.102). Consequently, their style is often aggressive and confrontational. In contrast, Indian communication during a negotiation involves ambiguous and indirect language. In the sequence of the negotiation, the Indian negotiator is polite while modifications are proposed and repackage energetically in order to reach an agreement.
3.6 Negotiation and Negotiation theory

After presenting the cultural theories, the theoretical framework concerning negotiation is explored in the following section.

There is no universally accepted definition of what negotiation is. A common definition is “the art of conferring with others in order to reach an agreement or compromise” (Hilligsøe & Jakobsen, 2009, p.23). It occurs when two or more parties have mutual interests and therefore have a reason to work together, but then again, they also have conflicts about their goals and how to accomplish them. In a communication perspective, “negotiation is the communication that takes place in order to reach agreement about how to handle both common and conflicting interests between two or more parties” (Varner & Beamer, 2011, p.331). Negotiation is a pervasive ongoing process in all aspects of international business and is fundamental to any successful business activity. As a result all those who wish to participate in global business have to use negotiation daily in order to carry out their activities (Salacuse, 2010, p. 197).

Negotiation theory includes two primary approaches, known as competitive positional negotiation and integrative negotiation.

The first approach is also identified as bargaining and it involves a strategy where the person stays firm in his position or argument and fights for it, regardless of other interests. A softer approach of this strategy is distributive negotiation. Its main idea is that the total amount of benefits has to be distributed fairly based on criteria of equality, equity or need. A competitive positional negotiation strategy leads to either the reaching of an agreement or no agreement at all. According to Brett the distributive agreements divide a fixed set of resources among the parties, where the division can be equal or unequal (Brett, 2000, p.98).

The second approach is often called problem-solving, interest-based negotiation. This strategy takes into account the interests of the disputants, including needs, concerns, desires and fears, and focuses on finding mutually beneficial solutions. This strategy leads to the integration of the parties’ interests in a way that promotes joint value. However, integration strategy is only possible if the negotiation involves more than one issue, as the negotiating parties must be able to exchange across issues (Hilligsøe & Jakobsen, 2009, p.22).

3.7 Culture and its influence on Negotiation

People from all over the world share a common development up to a certain point and in that respect two negotiating parties can recognize and relate to each other’s feelings, desires and
suspicions. They inhibit the same love for their children; feel anger at injustice; fear powers that seek to destroy them; want to be liked and are grateful for favors and kindness. The average person will rarely deviate from this pattern. However, as one enters the area of learned national culture, problems begin to arise (Lewis, 1996, p. 119).

According to Salacuse culture profoundly influences how people think, communicate, behave and it affects the kinds of transactions they make and the way they negotiate them (Salacuse, 2005, p.1). National culture molds the personality of the negotiator and his or her expectations and views of the negotiation process. Additionally, Brett points out that cultural values direct attention to what is important and cultural norms define what appropriate and inappropriate behavior is. They provide a basis for interpreting situations and the behaviors of others during a negotiation. The author emphasizes further, that the values that generate cultural differences in preferences may also act as “cultural blinders”. These blinders lead the members of one culture expecting preferences to be compatible, and being unable to understand the rationality of the other party, whose views on the same issue are at odds with their own (Brett, 2000, p.101). Furthermore, the norms and values of a society can be seen in a negotiator’s implicit theory that helps him distinguish and prioritize his objectives (Adair & Brett, 2005, p. 37).

3.8 Indian mindset
This part of the thesis explores the elaborations of Rajesh Kumar on the dynamics of Indian negotiating behavior and the challenge potential obstacles that this behavior may cause in a negotiation.

According to Kumar, Indian culture has been shaped by a wide variety of influences, such as Hindu Philosophy, British Colonialism, Islamic influences and the “realpolitik” of the Cold War era (Kumar, 2005, p.2). All those factors have colored the way Indians interact with the West and have led to the current frame of the Indian mindset and behavior.

3.8.1 Coexistence of Individualism and Collectivism
Although, along Hofstede’s dimensions, India is characterized as a collectivistic society, in which family is central, a unique feature of Indian culture, according to Kumar, is the coexistence of both individualistic and collectivistic tendencies. It is this cohabitation that distinguishes India from other East Asian countries.

As a result of this feature, Indians are very goal-orientated and aggressive, traits, which are actually more common for representatives of the United States. At the same time, however, Indians are very
family-oriented and put their loyalties and affections only among close relations. Indian people have an individualistic streak that is most evident in interactions with out-group members. This characteristic “precludes the necessity to develop relationships at the beginning of negotiations” (Kumar, 2005, p.4), which is a particular trait of collectivistic societies. However, on a further stage, the importance of the relationship is likely to heighten. A relationship later on in the venture is imperative because it may help align the expectation of both parties. It will also provide the Indians with a sign of the sincerity of the opposite party.

3.8.2 Anarchical individualism
Beyond the confines of their familial in-group, Indians do not work well in groups due to their ingrained belief that they are “right and the other person is wrong” (Kumar, 2005, p.2). Kumar refers to this tendency as “Anarchical individualism”. The concept defines how Indians manage their relationships with each other. This trait shows a deviation from what the Hofstede scores indicate of Indian culture. India’s score characterizes the country as a collectivistic culture in which everyone should act according to the general rules of the in-group they belong to. However, Kumar’s theory asserts that, other than the rules of the familial in-group, Indians are not influenced by the guidelines of additional in-groups they may belong to.

Kumar observes that “a major tenet of anarchical individualism is that cooperative behavior among individuals is a rarity” (Kumar, 2004, p. 50). This leads to a number of different implications: It suggests that an internal consensus between members of a negotiation team is likely to be highly elusive. The inability to form and maintain a consensus within the negotiator’s own team may lead to a slowdown in the negotiation. This may result in the other party terminating the negotiation since it is unclear to him or her whether it will bear any fruit at all. Furthermore, anarchical individualism will heighten the unpredictability of the negotiation process and can also “detract from the negotiating team’s ability to concentrate on the task at hand” (Kumar 2004, p. 51). The disunity of the Indian negotiation team may give the opposite party the impression that they are not really serious about the negotiation.

3.8.3 Brahmanical Idealism
The concept of Brahmanical Idealism represents an introverted form of thinking (Kumar, 2005, p. 45). That means, Indians are engaged in wishful thinking that may be very distant from reality. Their inner thought processes are not seen as distinctive from the external world. The wishful fantasizing that Indians engage in, leads to rationalizing the external reality and prevents dealing with actuality in a pragmatic and effective way.
This idealistic set of mind means that Indians have high aspirations for what they would like to achieve during a negotiation and will persistently aim to obtain the best possible solution. The high aspiration levels of the Indian negotiator prevent them from being taken advantage of, however, they also slow down the process of the negotiation. A related application of Brahmanical idealism is that the aspiration levels are going to be rather rigid, meaning that they may not change as rapidly as the opposite party expects. This can lead to the inability of the Indian negotiator to attain the best possible solution, due to the lack of flexibility to change. The idealistic mindset of Indians, motivated by their desire to attain the best possible solution, can lead them to persist with a course of action even if it will result in a bad outcome. This negative outcome, will be due to the fact that Indian negotiators are unlikely to be easily satisfied with an outcome that does not correspond to their expectations (Kumar, 2004, p.49).

3.8.4 Interlinkage among Brahmanical Idealism and Anarchical Individualism
As pointed out before, anarchical individualism defines how Indians manage their relationships with each other, while Brahmanical idealism defines how they cope with the external environment. Even though the two constructs oppose people against materials they are not completely mutually exclusive. According to Kumar, the rare cooperative behavior of Anarchical individualism prevents Indians from attaining mastery over nature. Similarly, Brahmanical Idealism, by focusing the Indian’s attention on attaining the “unattainable ideal”, makes cooperative behavior very difficult. In both cases, the Indian negotiator is confronted with a potential subpar result. Consequently, the failure to achieve the best possible outcome makes the “unattainable ideal even more attractive and in doing so it intensifies the tendency to think in even more idealistic terms.”(Kumar, 1999, p.8)

4. Culture and the Indian/Unites States negotiation
The purpose of this section is to compare the negotiation tendencies of Indian and United States negotiators, based on the ten dimensions framework created by Jeswald Salacuse. It was chosen since it provides a basis for identifying cultural differences that may arise during the negotiation process. By applying this framework, the paper aims at exploring how culture influences the negotiation between Indian and United States negotiators. Likewise, the framework facilitates to anticipate the aspects of culture that result in misunderstandings which can lead to potential failures of an Indian - U.S. negotiation.

Furthermore, to underscore the arguments depicted in this section, the findings of the empirical study by Metcalf et al. (2006) are employed. The study uses Salacuse’s (2003) framework and presents a systematic comparison of negotiation tendencies in five countries, along Salacuse’s ten
dimensions. For the purpose of the thesis, only the results of the United States and India are used (see Appendix 1).

4.1 Negotiating goal: contract or relationship?

It is important to determine how the two sides across the negotiation table view the purpose of the negotiation, as “negotiators from different cultures may tend to view the purpose of a negotiation differently” (Salacuse, 2005, p.1). For people from “deal focused” cultures the goal of a business negotiation is a signed contract between the parties. On the opposite side, people from relationship focused cultures emphasize more on the creation of a relationship between the two sides.

India has usually been described as a relationship focused culture (Gesteland & Gesteland, 2010, p.31), however, in this dimension the country’s results are mixed, 39% of respondents prefer to arrive at a signed contract and 34% prefer to build a relationship (Metcalf et al., 2006, p.386). This result, while in disagreement with currently held perceptions of Indian culture appears to be in agreement with Kumar’s views of Indian people as both relationship and deal oriented. In addition, the outcomes of the United States are also in disaccord with currently held beliefs about the values of the country. The Unites States has always been regarded as one of the most deal focused cultures (Gesteland & Gesteland, 2010, p.31). However, the results of the empirical study show that United States participants center their responses between the two ends. Furthermore, a noticeable percentage is found in the middle. These results indicate a deviating pattern in the negotiating behavior of United States negotiators.

The results of both countries display interesting tendencies in this dimension. When representatives from the two countries are engaged in negotiations with each other, problems may arise from the inconsistency of their expectations. If one of the parties is expecting to build a relationship whereas the other’s goal is merely the signing of a contract, communication between the two will probably be likely to be flawed and may lead to misunderstandings, which ultimately may result in the failure of the negotiation.

4.2 Attitude: win-lose or win-win

According to Salacuse, business people approach deal-making with one of two basic attitudes. The first attitude regards negotiation as a struggle in which only one side wins and the other side loses, known as a win- lose attitude. The second one treats the negotiation as a process in which both sides can gain something, also referred to as a win-win approach (Salacuse, 2005, p.2). It could be
argued that these approaches influence what kind of strategy a negotiator uses throughout the negotiation, a distributive or an integrative strategy.

The United States demonstrate a greater preference for a win-win solution (see appendix 1). They see negotiation as a collaborative, problem solving process in which both parties contribute to the achievement of a mutually beneficial agreement. This would be in synchrony with the view that, as an egalitarian culture (Brett at al. 1998; Hofstede 1980), the negotiators from the United States do not consider distributive tactics to be appropriate in a negotiation (Adair at al. 2004, p. 94). In addition, Indian negotiators have a partiality for win-lose outcomes, however, they embody a clear preference for a win-win outcome as well.

When negotiators from India and the United States negotiate with each other, opposing attitudes can cause problems for the beneficial outcome of the transaction. To exemplify, if the United States representative is approaching the negotiation as a win-win process and as such is aiming to achieve an agreement that is advantageous for both sides and is met by an Indian representative whose only goal is to win a confrontation, then their approaches and attitudes will certainly clash and cause problems throughout the negotiation.

4.3 Personal style: Informal or formal?

Salacuse’s third dimension refers to the personal style of a negotiator, the way he talks and interacts with others, uses titles and dresses (Salacuse, 2005, p.2). A negotiator with a formal style insists on using formalities and refrains from touching upon the personal and family life of his counterpart. Oppositely, a negotiator with an informal style uses first names when beginning a negotiation and seeks to achieve personal and friendly relationship with the opposite side.

In Metcalf’s report, Indian participants were clear in their preference for a more formal personal style, whereas respondents from the United States show a tendency towards informality. However, the author also points out that “whether they are formal or informal, negotiators from all countries generally engage in informal interactions before and/or during the formal negotiation process” (Metcalf at al. 2006, p. 389).

A potential point of misinterpretation between an Indian and United States’ negotiators may arise if one of the two parties does not recognize the boundaries between informal social activities and formal negotiations. For example if an Indian negotiator exhibits friendliness during a social interaction, it may not translate to the negotiation table and might not result in any kind of a positive concession-making behavior throughout the negotiation. As a result, the American may
feel insulted and feel that the Indian’s previous friendliness was a ploy to gain an advantage in the negotiation.

4.4 Communication: Direct or indirect?

This dimension refers to negotiators’ preferences towards the style of communication which is employed when conducting a negotiation. Direct communication is simple and straight to the point. Cultures who value directness expect a straightforward answer to a proposition and will give one in return. In contrast, indirect communication relies on the use of figurative speech, circumlocutions, facial expressions and the use of body language. In order to obtain a reaction from people who come from cultures, which rely on indirect communication, the other party needs to be able to interpret vague comments and body language (Salacuse, 2005, p. 3).

Interesting findings among Metcalf’s research are India’s results. Even though India usually exhibits the characteristics of a high-context culture, in which the communication is indirect, Indian respondents demonstrated strongest preference (71%) for a direct style of communication. This response may be explained by the diffusion of global business practices and globalization, which have shifted the negotiating patterns. While the United States’ result also indicates a preference for a direct communication, Metcalf argues that “the conventional thinking that US negotiators use a more direct style of communication than other countries…” is not going to lead to positive results (Metcalf et al. 2006, p. 391).

Even though both countries exhibit a high preference for a direct style of communication, it is an ongoing issue which can cause friction. Indian negotiators still belong to a “high context” culture and could still employ word patterns and phrases that can be unfamiliar to the United States negotiator. Furthermore, it has to be mentioned that, while the language of communication is English, Indian English is different than American English and could lead to possible inaccuracies and problems between the two parties (Bagla, 2008, p.68).

4.5 Sensitivity to time: High or low?

A negotiator’s attitude towards time is reflected by how much value he puts in the “amount of time devoted to and measured against the goal pursued” (Salacuse, 2005, p.3)

Most sources and studies indicate that Indian negotiators do not expect punctuality and tend to follow a slower pace. In Salacuse survey, they had the largest percentage of persons who considered themselves to have a low sensitivity to time. However, in Metcalf’s study a high number of Indians reported a higher sensitivity towards time than United States respondents (see appendix
1. Although, on the surface this is rather surprising, Metcalf argues that the findings indicate a shift in United States negotiating behavior. The author contributes that shift to the continuing criticism during the 1980’s and 1990’s, that US negotiators were too focused on time. He further contends that the diffusion of best business practices across the world may have decreased the time sensitivity of United States negotiators and increase the sensitivity of Indians.

Nevertheless, the findings by Metcalf indicate a shifting pattern in time sensitivity for India and the United States, time can still cause friction in a negotiation. For example, if the Indian representative is seeking to create a relationship rather than simply sign a contract, that requires time. If the United States representative does not invest time in the negotiation so that the parties can get to know each other or tries to shorten the negotiating time, the Indian negotiator may take that as an offence or an attempt to hide something. Either way this can cause problems in the deal making and ruin the negotiation.

4.6 Emotionalism: High or low?

This dimension accounts for a cultures tendency to act emotionally. Clearly, individual personality plays a role in determining how much a person shows his or hers emotions. However, according to Salacuse “various cultures have different rules as the appropriateness and form of displaying emotions and these are brought to the negotiation table as well” (Salacuse, 2005, p.4).

Although Indian respondents report a strong tendency to not to display emotion (41%), Bagla argues that the interplay between Brahmanical idealism and Anarchical individualism may bring high emotions and repeated unpredictability in a negotiation (Bagla, 2008, p. 77). The answers of the negotiators of the United States are clearly anchored in the middle, which Metcalf contributes to their tendency to communicate objections and dissatisfaction openly and directly “with the expectation that the other party will engage in problem solving behavior” (Metcalf et al. 2006, p.391).

The different preferences towards the display of emotions may bring the possibility for complications to the negotiating table. For example, the negotiator of the United States may not recognize that it is impossible for the Indian negotiator to separate the emotional component from the task - based element, regarding certain issues. That may lead the American negotiator to act hasty and to underestimate the seriousness of the issue, thus creating an unfavorable negotiation environment.
4.7 Form of agreement: General or Specific?

Salacuse claims that no matter what the goal of a negotiator is, a contract or a relationship, the negotiated transaction in most cases will be in the form of a written agreement. However, he also points out that cultural factors influence the form of that written agreement, whether it will be a detailed contract or just a general agreement of principles (Salacuse, 2005, p.4).

Commonly, United States negotiators prefer detailed agreements and insist on getting the deal “in writing”. On a further note, the research by Metcalf shows that respondents from the United States have a very low preference for general agreements and mostly prefer specific and detailed contracts. The same is true for Indian negotiators who have a high partiality towards a specific contract as well. On the other hand, a considerable number of Indian respondents (25%) have a preference for general agreements.

When Indians and Americans negotiate, a problem may arise if the American negotiator inserts too many specific clauses in the contract and tries to avoid general foundations in the agreement. This is done, in order to protect against potential liabilities in the event of a failure of the negotiation, however, it may result in giving a negative impression to the Indian party, and plant the seeds of suspicion and spoil any opportunities to foster trust in the relationship (Metcalf et al. 2006, p. 391).

4.8 Building an agreement: Bottom up or top down?

This dimension refers to whether the business deal starts “from an agreement on general principles and proceed to a specific items, or does it begins with an agreement on specifics … to sum total of which becomes the contract” (Salacuse, 2005, p.4).

Indians clearly prefer a bottom-up approach with 50% of respondents claiming to do so, although a sizeable portion of the respondents (27%) favor a top-down approach. This again is in contrast with Salacuse’s findings, which assert that Indians tend to view deal making as a top-down process (Salacuse, 2005, p.5). American respondents indicate no strong favor for either of the approaches, even though Salacuse identifies that they tend to seek agreement first on specifics and then move on to general issues.

The clash of the two approaches may lead a negotiation between negotiator from Indian and from United States negotiators to a stalemate, in which both parties wish to make a deal but are unable to proceed in such a fashion that will make that possible.

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4.9 Team organization: One leader or group consensus?

In a negotiation process it is always important to know who has the power to make the decision, and whether that power is in the hands of one person or if it is dispersed in the hands of a team. Culture is one important factor that determines how “executives organize themselves to negotiate a deal” (Salacuse, 2005, p. 5).

A negotiating team with only one figurehead, who take all the decisions, has always been associated with the American culture. However, Metcalf’s study indicates that United States respondents have a preference for a consensus decision-making, which he attributes to the fact that decision makers rely on advice and consider the opinion of experts in the negotiation team. Indian respondents are split between consensus and one leader, with a slight preference for one leader approach.

A problem may arise in a negotiation in which the American negotiator tries to make a deal with an Indian team, which has a single-leader approach. If the American fails to build a platform for strong interpersonal relationships with said leader, his effort for a beneficial outcome will be in vain. On the opposite side, if the Indian negotiator wants a deal with a United States company and he ignores the roles of the American’s mid-level negotiators, the Indian runs the risk of misidentifying key decision-makers and in that way threatening the possibility of a favorable outcome to the negotiation.

4.10 Risk taking: high or low?

The final dimension of Salacuse’s framework deals with the handling of risk. According to the author negotiators from some countries are more risk-averse than others (Salacuse, 2005, p. 5). Throughout the negotiation, a person’s culture can affect his willingness to take risks such as sharing information, trying new approaches and tolerating uncertainties in a proposed course of action. Furthermore, Metcalf points out that risk aversion and uncertainty avoidance are two related concepts and that negotiators from cultures with low Uncertainty Avoidance index accept not only familiar but also unfamiliar risks, while the opposite is true for cultures with high Uncertainty Avoidance.

Both India and the Unites States have low Uncertainty Avoidance scores, 40 and 46 respectively. This would indicate that both countries are high risk-takers. The concept is compatible with Salacuse’s findings of both countries, in which the author points out that Americans consider themselves to be risk-takers but an even higher percentage of Indians claim to be so (Salacuse, 2005
However, a large percentage of US respondents in Metcalf’s study fall in the “neither category”, which he explains with them being risk-tolerant and showing an interest in reducing risk rather than trying to avoid it altogether (Metcalf et al. 2006, p. 392). Indians on the other hand, show a consistency with the previous findings and displays strong preference for risk-taking (49%).

Although, both countries have a preference for risk-taking, this aspect can still cause friction between them if one of the parties tries to impress the other by only highlighting the best case scenarios of an agreement and ignoring the problems that it may cause. As a result, the opposite party may decide that they are being taken advantage of and that their counterpart is untrustworthy.

Salacuse’s ten dimension framework has been used, in order to identify possible areas of tension in an Indian / United States negotiation and to underline the fact that, even though American and Indian cultures are similar on some dimensions, conflict can still arise between them and ruin the negotiation.

5. Conclusion

The purpose of this thesis has been to uncover which aspects of culture affect a negotiation between Indian and American negotiators and to gain some insight in most pervasive cultural reasons for the failure of Indian and United States business negotiations. In order to do that, the thesis has discussed different cultural theories, negotiation theory and communication models.

A discussion on culture and values was presented with the main purpose of providing the cultural framework of the paper. It showed the basic premises that the paper was going to employ throughout and was necessary in order to build the foundation of the thesis. Furthermore, from the discussion on negotiation theory and culture, it was evident that culture has a widespread and prevailing effect on several aspects of the negotiation process, such as behavior, communication style and negotiation strategy.

To supplement the discussion on values and their effect on the Indian and American negotiation processes, Hofstede’s cultural dimensions were explained and elaborated on. From comparing the two countries along those dimensions it was revealed that the large score differences in three of the five cultural dimensions may be the cause of problems throughout the negotiation.

In addition, Edward Hall’s work helped to see the effect culture has on the communication and time perception of the two countries. They showed that Indian and the United States’ negotiator have
dissimilar sensitivity to time and employ different communication styles and strategies in the negotiation process.

Kumar’s work helped to provide deeper insight into the Indian mindset and exposed some discrepancies between India’s scores along Hofstede’s cultural dimensions and the actual values and behaviors of Indian negotiators. This discrepancy was further discovered when applying Salacuse’s framework as to discover the most common cultural aspects that can impact negatively or ruin an Indian/United States negotiation. Not only did the framework help to point out the aspects of culture that affect the negotiation between Indians and Americans, but it revealed some changing trends in negotiating behavior which need to be investigated further.

By closing the loop to the problem statement and having elaborated on several relevant areas which concern the underlying topic, it becomes clear that the findings are not only valuable but provide a useful basis for future exploration as well.

In conclusion, it is important to point out that this thesis does not imply that every negotiation between Indian and United States negotiators will face problems or that those problems will cause the negotiation to fail. Its purpose has been merely to identify and discuss the problematic areas of culture so the reader may look out for these issues and try to remedy the negotiation.
## Percentage distributions for ten dimensions

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<th>Turkey</th>
<th>USA</th>
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