CROSS-CULTURAL BUSINESS NEGOTIATIONS

How Cultural Intelligence influences The Business Negotiation Process

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Abstract

Over the last 30 years, technology has made it possible for people to travel to other cultures in a cheaper and more efficient way. The increased traveling has made it possible for an increase in trade and as the trade flourishes the need for people that can handle the differences between the cultures in the world increase. Some people handle cross-cultural negotiations better than others; we want to know how Cultural Intelligence influences The Business Negotiation Process.

To find out how Cultural Intelligence influences The Business Negotiation Process we choose to conduct qualitative interviews with a few Swedish companies that have experiences of cross-cultural negotiations with China.

The findings indicate that Cultural Intelligence influences The Business Negotiation Process by different factors such as engagement, communication and understanding. The greater engagement and understanding the negotiator has of the different parts the more likely it is that the business negotiation process will have a positive outcome.

We studied as much literature as we could find about cultural intelligence and the business negotiation process. Out of our findings, we build a model, and this gave the opportunity to test the different parts of the model in our research.

Our contributions to the field are foremost the discovery of the two new dimensions: Structure and Power Dependency that can be added to both Cultural intelligence and The Business Negotiation Process. In future research, these two dimensions can be further researched and developed. In our research, statements from our respondents create a small practical guideline for cross-cultural business negotiations with China. The negotiators might have use for this guideline when negotiating with Chinese companies.

Keywords: Cultural Intelligence, Trade, Negotiation, Communication
Acknowledgements

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1 Introduction

In this chapter, the background and purpose of this dissertation are described, the research question is discussed and definitions are reflected upon. Finally, the theoretical limitations are presented.

1.1 Background

In 1983, the first concept of globalization was brought to light by the researcher John De Levitt (1983). In his research, Levitt describes the phenomenon, as one increasing technology that drives people to travel more. By increased traveling, people encounter different cultures that also affect them in different ways.

Hofstede (1964) explains that we are different as people because of the factors setting, history, geography, experience and language. Today the concept of culture has become an important subject for many researchers, governments, institutions and private corporations. Because people are used to think and do things in a certain way, it is difficult for people to understand each other and this is a problem for companies doing business abroad. Misunderstandings between parties can also be explained as one outcome, and leads to increased transaction costs in the business context.

It is important to understand that one single factor alone, cannot explain why there are failures in business negotiations. Instead, and in order to get a better understanding, we need to look for more than one explanation at the same time. Earlier contributions in the field have identified likely factors that can explain why there is a high failure rate in business negotiations.

Martin et al. (1999) discuss the cultural dimensions business etiquette, language proficiency, politics and history. According to Martin et al. (1999) misunderstandings between cultures and between people, also leads to failures in the communication process, where the language barrier is a common issue.
The high-low context of communication is another cultural dimension and an important aspect of cultural differences in the negotiation behavior. Contexts are here identified as background information, critical to interpersonal interaction such as social status (Graham et al., 1994). One basic difference between high- and low context cultures is the reliance on non-verbal communications (Hall, 1976). Members of high-context cultures are not likely to express their opinions openly and explicitly, whereas members in low-context cultures prefer openness and directness. This fact can of course explain why it is difficult to make negotiations work, which leads to frustration for both counterparts. The communication process can become even more complex and challenging, when two people do not share the same meanings and values. One can say that culture is deeply rooted in the communication process. For these reasons, differences between cultures and misunderstandings in the communication process become an increasingly important issue for the negotiation outcome. Once again, one factor alone cannot give us a full explanation for why there are failures in negotiations.

1.2 Problem

Today’s globalization has had great impact on the world economy and has increased the importance of cross-cultural business negotiations. It not only requires in-depth technical competence, but also competence to interact with people from different backgrounds and cultures (Fang, 1999). A large number of business negotiations have been conducted between westerners and people from Big Emerging Markets\(^1\) (BEMs). Unfortunately, many of these negotiations suffer from drawbacks or end up in failure (Martin et al., 1999). To become a suitable negotiator, the literature often provides guidelines and examples of how to handle business negotiations, which emphasize different ways of negotiating. The literature also provides us with information about foreign cultures and different negotiation techniques. Early & Ang (2003)

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\(^1\) 1993 the U.S. Commerce Department created a national export plan. In this plan they came up with the ten biggest emerging markets and called them “Big Emerging Markets” (BEMs). The commerce Department did this so that the country would know which countries that they could trade with so that they could create more jobs on their domestic market by exporting.
point out that knowledge about different cultures is an important and needed skill in today’s business negotiations.

Failure in business negotiations have been studied a great deal and it is not a new phenomenon. Many authors have tried to give explanations why so many business negotiations fail (Fang, 1999). Once again, there is no given answer to this question and it gives opportunity for continued research in the field.

Relatively few studies have been conducted on how Cultural Intelligence influences the Business Negotiation Process. Gertsen and Soderberg (2009) argue that the changing environmental context (for example cultural issues, language proficiency, business etiquette, politics and history) have an impact on the success and failure of international business negotiations (Gertsen & Soderberg, 2009).

Furthermore, issues like Cultural Intelligence, Social Intelligence and Politics work together and create holistic clusters that will work together in cross-cultural settings. In one of the holistic clusters Cultural Intelligence can be described as the ability to interact in multicultural settings. The problem is that more research is needed on how cultural intelligence influences the business negotiation process, because there is no answer why some people are good business negotiators and other are not (ibid.).

1.3 Purpose
When reviewing the business negotiation process it is important to look at the different factors that are in play. Most of the sources dealing with the negotiation process are directed towards the technical complexity of the product, commercial complexity of the negotiations, or behavioral complexity of the human interactions (Dadfar, 1988, 1990; Hiller, 1975). Technical behaviors can be described as technical specifications and standards that are developed and discussed. The commercial behavior is showed in situations like the price preference and bargaining, contracting, payment, delivery terms and attitudes toward the economic obligations.
The social behavior is further explained as the establishment of trust and confidence, patterns of communication, social interaction within the organization and between the buyer’s and seller’s personnel. By combining factors in the social field, researchers like Earley & Ang (2003) and Plum (2008) created a better view of the different social factors and how they interact and called it Cultural Intelligence.

Only a few articles investigate how Cultural Intelligence influences The Business Negotiation Process. The purpose of this dissertation is to explore how Cultural Intelligence influences The Business Negotiations Process.

1.4 Research Questions
How does Cultural Intelligence influence The Business Negotiation Process?

1.5 Definitions of Keywords
Cultural Intelligence – Ang and Van Dyne (2008) describe the phenomenon as: “An individual’s capability to deal effectively in situations characterized by cultural diversity, and is a multifactor construct with Cognitive (Metacognitive and Cognitive), Motivational, and Behavioral dimensions.” (p.16).

Trade – Princeton Education defines trade as the commercial exchange (buying and selling on domestic or international markets) of goods and services.

Negotiation – According to the Compact Oxford English Dictionary (2009) to negotiate, means: “Try to reach an agreement or compromise by discussion.” According to Iké (1968): “To begin with, two elements must normally be present for the negotiation to take place: There must be both common interests and issues of conflict; if there are no common interests there is nothing to negotiate about and without conflicting issues nothing to negotiate about” (p.2).

__(Wordnetweb, 2009)__
Communication – Simon and Shuster (2008) define communication: “As a process of transferring information from one entity to another.” Communication processes are sign-mediated interactions between at least two agents, which share a repertoire of signs, and semiotic rules.

1.6 Theoretical Limitations
This research is limited to qualitative interviews with a few Swedish companies and their respective business negotiators, negotiating with Chinese companies. Furthermore, this research will measure Cultural Intelligence of the selected individuals, and how Cultural Intelligence influences The Business Negotiation Process with their Chinese counterparts.
2 Methodology

In this chapter, the different choices concerning the methodology are introduced. Further, the research philosophy, research approach, choice of theory and choice of methodology are described.

2.1 Introduction

In order to come up with a suitable research approach and research strategy, Saunders et al. (2009) introduced a figure called: “The Research Onion” (p.108). The purpose with The Research Onion is to describe different layers of the research methodology. Research approach and research philosophy are the first two of the onion’s six layers. These two layers are followed by research strategies, research time horizons and research choices. The research onion ends up with data analysis and data collection in the centre.

2.2 Research Philosophy

The research philosophy that the researcher adopts includes important assumptions about the researcher’s view of the surrounding situations. According to Saunders et al. (2009), research philosophy can be divided into positivism, interpretivism and realism. Furthermore, Johnson and Clark (2006) state that research philosophy is about: “How well we are able to reflect upon our philosophical choices and defend them in relation to the alternatives we could have adopted.” (Saunders et al., 2009, p.108).

“Positivism is a philosophical stance of the natural scientist.” (Saunders et al., 2009, p.113). Positivism is a highly structured methodology that facilitates replication and the results are likely to be: “Law-like generalizations.”(ibid). With law-like generalizations, the authors mean that researchers investigating the same topic should come up with the same conclusions.

Interpretivism is an epistemology that states that as a researcher it is important to understand: “Differences between humans in our role as social actors.” (Saunders et al., 2009, p.116). The main idea with this research philosophy is that we interpret the social roles of others in
accordance with our set of meanings. Furthermore, interpretivism comes from the two traditions of phenomenology and symbolic interactionism. Phenomenology: “Refers to the way in which we as humans make sense of the world around us.” In symbolic interactionism: “We are in a continual process of interpreting the social world around us in that we interpret the actions of others with whom we interact and this interpretation leads to adjustment of our own meaning and actions.” (ibid). In addition, Saunders et al. (2009) state that crucial to the interpretivistic philosophy is the willingness of the researcher to adopt an empathetic stance. “The challenge here is to enter the social world of our research subjects and understand their world from their point of view.” (ibid). In conclusion, Saunders et al. (2009) write that: “Not only are business situations complex, they are also unique. They are a function of a particular set of circumstances and individuals coming together at a specific time.” (ibid).

Realism reflects reality meaning that: “What the senses show us as reality is the truth: that objects have an existence independent of the human mind.” (Saunders et al., 2009, p.114). Furthermore, Saunders et al. (2009) divide realism into direct realism and critical realism. “Direct realism says that what you see is what you get: what we experience through our senses portrays the world accurately... Critical realists argue that what we experience are sensations, the images of the things in the real world, not the things directly.” (Saunders et al., 2009, p.115).

In conclusion, this study will follow an interpretivistic approach. This approach is appropriate since we strive to explain a phenomenon based on already existing research and literature. Yet, we do not know how Cultural Intelligence influences the Business Negotiation Process and therefore we need to find out how Cultural Intelligence (as part of the social actions of humans) influences the Business Negotiation Process.

2.3 Research Approach

Saunders et al. (2009) claim that there are two main research approaches to follow, induction and deduction. A deductive approach is used when developing a theory and hypothesis based on already existing facts and theories in a particular field, for which the researcher design a research strategy and tests a theoretical proposition (Saunders et al., 2009).
An inductive approach starts with the collection of data, and from the results formulate a theory. Nevertheless, the inductive approach is mainly used in quantitative studies whereas the deductive approach is mainly used in qualitative studies. In addition, a major difference between the deductive and inductive approach is that the deductive approach goes from theory to practice, while the inductive approach goes from practice to theory (Saunders et al., 2009).

Our study will follow a deductive approach. Even if cultural intelligence is a new phenomenon, there is already a lot of existing theories and research that has been done within the field of Cultural Intelligence. These findings have been very helpful for our study and have resulted in a greater understanding of the concept. Our own findings in this field will result in a model, explaining how Cultural Intelligence influences The Business Negotiation Process.

2.4 Choice of Theory
This study aims at giving new insights on how cultural intelligence influences the business negotiation process. Thereby it becomes relevant to first define what culture is. Hofstede’s Five Cultural Dimensions model is used to describe differences and value perspectives between national cultures. A deeper measurement of culture with an individualistic approach is explained by Plum (2008). She claims that in order to get a deeper understanding, the individual should avoid stereotypical approaches. Regarding communication, many writers talk about different means of communications. Nevertheless, this study focuses on cross-cultural communication in the business negotiation process.

2.5 Choice of Methodology
To conclude, the aim with this study is to investigate how cultural intelligence influences the business negotiation process. This study will start in a literature review where we begin to study the concept of culture. This will allow us to identify components that all together can explain the concept of Cultural Intelligence. Furthermore, the literature review will result in
our own model, explaining how cultural intelligence influences the business negotiation process, which is a typical deductive approach for the study. This study uses an exploratory design, focusing on in-depth interviews. Finally, this study will measure the occurrence of one phenomenon at one occasion, following the time-horizon of a cross-sectional approach.

2.6 Time Horizon
As within all types of research, the time limit tends to be very crucial for most researchers. Therefore, it is very important to understand that research is something that takes time and that the time period for one type of research is not necessarily the same as for others. Saunders et al. (2009) have identified two types of studies: cross-sectional studies and longitudinal studies. Cross-sectional studies mean: “The study of a particular phenomenon (or phenomena) at a particular time.” (Saunders et al., 2009, p.155). These types of studies are common for research projects in which there is a time constraint and where the research is designed as a form of: “Snapshots” (ibid). In longitudinal studies, the researcher has the opportunity to investigate if there have been any changes or developments over a period of time. Compared to cross-sectional studies, longitudinal studies study a phenomenon on several occasions; the research is then designed in form of a: “Diary” (ibid). The cross-sectional approach is appropriate for this study, given the time constraint and: “The study of a particular phenomenon (or phenomena) at a particular time.” (ibid).
3 Theoretical Framework

In this chapter, we will review a selection of literature. We will start by exploring culture and its components then move on with cultural intelligence ending up with describing the business negotiation process.

The literature review is an important part of the research process. It requires that we make both good judgments and valuations of each piece of work, to organize those ideas and findings that are of value into a review. According to Saunders et al. (2009), two major reasons exist for reviewing the literature. The first concerns the preliminary search that helps to generate and refine research ideas. The second often referred to as the critical review or critical literature review and is part of the researcher’s project proper.

3.1 Culture

Anthropologists and many others have debated the meaning of the word culture. Because it is an abstract term, it is hard to define and different people often define it in dissimilar ways. According to Northouse (2007), cultures can be defined as the learned beliefs, values, rules, norms, symbols and traditions that are common to a group of people. In addition, Northouse (2007) means that it is these shared qualities that make a group distinct from others.

Kluckhorn and Kelly (1945) two anthropologists define culture: “As every design created for living, explicit and implicit, rational, irrational and non rational that exists at every given time as the potential guide for the human behaviors.” (p.97). This is a very broad description of culture that covers all kind of values, actions as well as automatic results that a certain society develop to cope with life (Bjerke, 1998).

Hofstede (1980,1991) a writer on the interactions between national cultures and organizational cultures, found five dimensions of culture in his study of national, work related values. Hofstede’s five dimensions of culture model is a framework that describes five kinds of dimensions or differences between national cultures. Hofstede’s research gives insights into other cultures, and can help business people become more aware of the national
differences when interacting with people in other countries. The five dimensions in Hofstede’s study are Power Distance, Collectivism versus Individualism, Masculinity and Femininity, Uncertainty Avoidance and Long-term Orientation.

Power Distance refers to a society where individuals are granted different levels of importance and status. Power Distance also measure how subordinates respond to power and authority from higher executives within an organization (Hofstede, 1964). Collectivism versus Individualism refers to the priority given to the group versus individual rights and freedoms. In collectivist cultures, individuals are bound through strong personal and protective ties, based on loyalty to the group and family ties. In individualistic cultures, people are expected to look out for themselves, and all should contribute to a common goal and with little mutual pressure (ibid.).

Masculinity and Femininity refer to and define the roles of men and women in a society and their behavior. Hofstede (1964) suggests that men’s goals are significantly different from women’s goals, and these goals can therefore be expressed out of a masculine and feminine perspective (ibid.). Uncertainty Avoidance refers to the fact that when uncertainty avoidance is strong, a culture tends to perceive unknown situations as threatening. In a culture where uncertainty avoidance is weak, people feel less threatened by unknown situations (ibid.).

Human values are acting as a form of informal guiding system, telling people what is expected of them (Deal and Kennedy, 1988). Values can be more or less persistent meaning they can be shared by many or few people. Values can also create obstacles or make the communication process easier. It is not the values themselves that are important but the spreading of them, which creates a unity and guidance among people (ibid.). When we interact with people from different cultures, we transfer values mutually. The outcome is that values from the interacting people merge to something new and more similar (Bjerke, 1998).

By looking at different cultural factors, we can see that culture is a field containing many dimensions and areas of human constructions to cope with life. In this context, it is also necessary for humans to create stereotype images of different cultures to cope with life (Hofstede, 1964).
3.2 Cultural Intelligence

Cultural Intelligence (CQ) is a fairly new research area; the first research was introduced 2002 by the international management expert, P. Christopher Earley in an American article. Earley’s research is based on a quantitative approach that measures cultural intelligence by a fixed set of questions; it gave opportunity to compare the results in different settings and with different purposes. One year later Earley and Ang (2003) describe the phenomenon as: “An individual’s capability to deal effectively in situations characterized by cultural diversity, and is a multifactor construct with cognitive (Metacognitive and Cognitive), motivational, and behavioral dimensions.” Here as we can see, are the four dimensions of cultural intelligence. Earley and Ang’s research is based on national culture saying that all other forms of culture are subcultures.

Another view of Cultural Intelligence (CI) was developed by Elisabeth Plum (2008) using a qualitative approach. At the same time, Plum criticized the previous model for simplifying reality, leaving out vital parts (needed to understand Cultural Intelligence in a holistic and case individualistic way). She distinguishes her research from Earley and Ang’s CQ, by going more in to depth measuring the implicit dimensions of cultural intelligence. To handle the complexity she has three dimensions: intercultural engagement, intercultural communication and cultural understanding.

3.2.1. The Four Factor model of Cultural Intelligence CQ

Early and Ang (2003) build their research on the increasing awareness that investigations of intelligence should go beyond mere cognitive abilities and theorized that CQ is a multidimensional concept that includes Metacognitive, Cognitive, Motivational and behavioral dimensions (Ang and Van Dyne, 2008). With these four dimensions, it is possible to measure cultural intelligence in a qualitative way. This way of measuring cultural intelligence is called CQ. Below follows an explanation of the four different dimensions.

This multifactor concept is based on Sternberg and Detterman’s (1986) framework of the multiple focus of intelligence. The Metacognitive CQ, Cognitive CQ and Motivational CQ factors in the model differ from the Behavioral CQ by belonging to the mental part of our
consciousness, while Behavioral CQ refers to the capability to display actual behaviors (Ang and Van Dyne, 2008).

The first factor is called Metacognitive CQ; this factor refers to an individual’s level of conscious cultural awareness when interacting in a cross-cultural situation. People with a high level of Metacognitive CQ reflect on their behavior, thus, adjusting it according to the situation. New heuristics is also developed with a higher Metacognitive CQ. The Metacognitive factor promotes active thinking about people and the actual situation in cross-cultural interactions. It challenges rigid reliance on culturally bounded thinking and assumptions as well as the adaptation and revision of strategies of the human mindset. It is the mental process individuals acquire to understand cultural knowledge. Capabilities under this term include planning, monitoring and revising mental models or norms of countries or people (Ang and Van Dyne, 2008).

The second factor is called Cognitive CQ and this factor reflects knowledge of norms, practices, and conventions in different cultures that have been acquired through education or personal experience. Cognitive CQ indicates knowledge of cultural commons as well as cultural differences. Anthropology has documented a vast number of different cultures; however, Triandis (1994) and Murdock (1987) suggest a higher level of abstraction and that they share some sort of common ground. Therefore, they merge their existences simplifying the process of the cognitive mind of people. Cognitive awareness consists of technological innovations, ways of doing things, language, and different kinds of activities (economic, political and practical). It also includes social activities like communication (teaching, talking and body language), and explains the unexplainable like religion and sorcery (ibid.). Kanfer and Heggestad (1997, p.39) argue that the capability to direct attention and energy toward action: “Provide agentic control of affect, cognition and behavior that facilitate goal accomplishment.”

The third factor is called Motivational CQ and this factor triggers effort and energy towards handling cultural clashes or differences in a positive way, driving the process of achievement forward.
The fourth and final factor is called Behavioral CQ and is the outcome of Motivational CQ, the action stage of the process. Connected to culture it transforms to the capability to show appropriate verbal and nonverbal patterns of interactions in cross-cultural situations (Lustig and Koester, 1999). The behavioral repertoires of culture vary in the following ways: (1) in the specific range of behaviors that are enacted; (2) in the display rules that govern when and under what circumstances specific nonverbal expressions are required, preferred, permitted, or prohibited; and (3) in the interpretations of meanings that are attributed to particular nonverbal behaviors (ibid.).

CQ is similar to mainly two other forms of intelligence: General Cognitive Ability and Emotional Intelligence (EQ) (Mayer and Salovey, 1993). It is similar because it deals with a fixed set of abilities, instead of ways of behaving (Mayer, Caruso and Salovey, 2000). General Cognitive Ability is a person’s ability to learn, and Emotional Intelligence (EQ) is the ability to deal with personal emotions, EQ is similar to CQ because it goes beyond academic and cognitive intelligence (Earley and Ang, 2003). As a conclusion CQ is a multidimensional concept that measures cultural intelligence by questions on a national level. It follows the patterns of how other intelligences are measured and creates a bridge.

3.2.2 Dimensions of CI

As we can see in figure 3.1, the tree dimensions in Cultural Intelligence (CI) are to be applied and studied in a holistic manner. No one of the tree dimensions can be singled out and still function, because they are all dependent on each other. “CI involves continuous development of your cultural engagement and cultural understanding, as well as a state of preparedness which makes it possible to act appropriately and to create a shared bridge-building culture in a given situation.” (Plum, 2008, p.21). The only time it is appropriate to separate the dimensions is when individuals or groups need development; this so it will be easier to break down the different parts for analysis.
The first dimension is called intercultural engagement and deals with the driving forces of the situation: emotions and attitudes toward cultural differences. It is also about the presence in mind when we interact with people who act and think different from us as well as the ability to put a constraint on our emotions to portray a correct picture of our self in a cross-cultural interaction (Plum, 2008).

The second dimension is called intercultural communication and is the action dimension and this part requires having a broad understanding of communication. It brings intercultural engagement and cultural understanding to use, and generates feedback from the interacting parts (ibid.).

The third and final dimension is called cultural understanding and is the cognitive and knowhow part of CI. It is about understanding one’s own culture and other cultures. Furthermore, it is about gathering knowhow about the two different cultures and having self-perception (ibid.).
In an email, Elisabeth Plum⁳ states that CI derives from: “The complex culture theory (culture as a social construction) and that it has a broad cultural view (culture not only – as in CQ – as national cultures, but also organizational cultures and professional cultures).” Furthermore, Plum says that: “CI includes irrational/emotional elements of cultural encounters in a much more elaborate way than CQ (which mostly involves motivation).”

Finally, we can see that CI measures cultural intelligence by looking at both the conscious dimension and the unconscious dimension of the subject. It can also measure the Cultural Intelligence of groups and organizations.

3.2.3 Differences between CQ and CI
As we can see in Figure 3.1, CQ is based on and limited to describing cultural intelligence with a fixed set of references. It also assumes that the national culture is the primary culture and all other cultures are subcultures. CQ is defined as a person’s ability to adapt to new cultural surroundings, primary national cultures. CQ is also thought to be something that people have inside them, governs their actions, and can be used to explain and predict their thoughts and reactions.

In contrast, CI sees cultural intelligence as a process, taking into consideration the unconscious part of the process in cultural interactions. It uses an exploratory approach to find out the unconscious variables affecting the cross-cultural interaction through dialogue with all participants. It is also applied in all kinds of cultures instead of only at the national level. Furthermore, we can see that cultural intelligence (CI) cannot only be measured on an individual level but also at groups and organizations.

In addition to be able to measure CI on individuals, groups and organizations, the views and reactions of people are experienced in the situation. Therefore, in conclusion, CI is an analysis of the researcher’s interpretation of the research situation (Plum, 2008).

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³ Elisabeth Plum, PhD Cultural Sociology, independent consultant, personal communication, 20091016
We find CI to be more attractive for our purpose because it provides an in-depth way of measuring Cultural Intelligence. We want to explore how Cultural Intelligence influences the Business Negotiation Process and when we do this, we need to look at the unconscious dimension too. We can only do this by using the method described by Plum.

Table 3.1 Differences between CQ and CI

<table>
<thead>
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<th></th>
<th>Earley, Ang and Tan's concept (CQ)</th>
<th>Elisabeth Plum’s (CI)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Understanding of culture</td>
<td>Descriptive concept (culture as an essence)</td>
<td>The complex concept (culture as a process)</td>
</tr>
<tr>
<td>Purpose of using one's intelligence</td>
<td>That a person may cope well in a new culture</td>
<td>To act appropriately in cultural encounters and contribute to better mutual understanding</td>
</tr>
<tr>
<td>Goal</td>
<td>Overcoming barriers between cultures</td>
<td>To generate a shared bridge-building culture between several cultures (with focus on both differences and similarities between several cultures)</td>
</tr>
<tr>
<td>Focus</td>
<td>Predominantly national cultures</td>
<td>All kinds of cultural identities</td>
</tr>
<tr>
<td>Who can have this intelligence?</td>
<td>Individuals</td>
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<tr>
<td>View of human nature/psychological theory</td>
<td>People's views and reactions can be predicted</td>
<td>People's views and reactions must be experienced and explored in the situation</td>
</tr>
<tr>
<td>The culturally intelligent person in a cultural encounter</td>
<td>A skilled actor who imitates the person from the other culture</td>
<td>Is himself, but can turn off his own cultural autopilot (see Chapter 2)</td>
</tr>
<tr>
<td>Development and use of cultural intelligence</td>
<td>CQ can be measured by a test</td>
<td>CI is assessed while it is being developed</td>
</tr>
</tbody>
</table>

(Source: Plum 2008, p. 50-51)
3.2.4 Demographics

Cultural Intelligence cannot be an isolated concept and it is embedded in various demographic differences of the people involved in negotiations; which in turn can have specific influences on both cultural intelligence and the business negotiation process.

In the new environment of knowledge-based and globalizing economies, education has emerged as a critical component of the growth process. Porter (1990) considers education and knowledge as advanced factors and essential in order to develop competitive advantages in a global market place. Therefore, it become important for nations that seek to maintain dominant positions in the global economy, to possess educational systems that will produce the required level of knowledge and competencies. In conclusion, education has the advantage of providing more opportunities to interact with people from other cultures (Stedham et al., 2004).

Crowne (2008) discusses different types of exposures that affect cultural intelligence (CQ). In her first analysis, Crowne examined those students who had been abroad versus those who had not been abroad. In general, those who had been abroad for education showed higher levels of CQ. Therefore, these individuals may be more aware of how necessary it is to adapt their behavior during cross-cultural interactions. Remarkably, behavioral CQ was negatively affected by currently living outside the home country. Cultural shocks and being a part-time student also affected the experience abroad negatively, leading the individual to question his or her ability to act appropriately in other cultures (Crowne, 2008).

Part-time students are non-traditional students and older than the typically college-aged students. It is also possible that those students that are older have more experience when it comes to interacting with individuals from other cultures. At the same time, the older students become aware of problems as a result from these interactions; they might question their ability to interact with others, and therefore it can be assumed that they have lower behavioral CQ. In conclusion, Crowne (2008) states that encountering the different aspects of CQ will lead to cross-cultural competence and can therefore influence the success of international business negotiations.
3.2.5 Experience Abroad

An individual can become familiar with a national culture by many means, for instance by travelling and interacting with people from other cultures. Crowne (2008) suggests that each experience abroad is significant because the individual has actually experienced another culture, by visiting it or residing in it. By experiencing another culture, it will eventually lead to a deeper understanding of a culture’s norms and the culture in general. Crowne (2008) claims it is important to know where there appear to be a ubiquitous relationship between cultural influence and intercultural contract.

From an experience abroad, the individual learns that intercultural encounters differ from normal experiences, in the way that they challenge an individual’s assumptions and thinking. Furthermore, by interacting in another culture, the individual will be influenced by that culture and his or her knowledge and understanding about one specific culture will be influenced as well. In addition, the individual becomes more aware of how cultures abroad differ from his or her own (Crowne, 2008).

According to Phillion (2007), individuals can learn much about appropriate behavior by experiencing and observing situations. Going abroad is a valuable experience, since the individuals have opportunities to learn what is and is not appropriate in their new context. Cultural exposure is a multidimensional factor and entails many potential components. Crowne (2008) states that there are varying degrees of exposure, but the level of an individual’s exposure depends on many factors; for example, the amount of time spent abroad, and whether the time spent were in one or more countries. Another factor is whether the countries visited were culturally distinct from each other or the individual’s home country. In conclusion, cultural exposure concerns, to what extent an individual chooses to experience the local culture during a visit. For these reasons, cultural exposure is a multidimensional phenomenon and entails many potential components.

3.2.6 Gender

Diversity in terms of gender continues to receive attention in general management literature, particularly in the light of the trend towards a more balanced representation of men and
women, along with the integration of men and women in today’s workplaces (Karakowsky et al., 2006). Much research focuses on leadership emergence and its influence in mixed gender contexts. Less attention is given to the issue of negotiation and the effect of group gender composition on negotiating style among men and women. In addition, there have been a number of suggestions made in the literature, that men and women exhibit different styles of interpersonal conflict management or negotiating style. Other differences between men and women as negotiators are presented in table 3.2 below (Lewicki et al., 1993). Although the masculine and feminine tendencies that are presented in this table should rather be seen as general assumptions, because there are men, and women that can have a negotiating style, which can be influenced by both masculine and feminine tendencies.

Table 3.2 Negotiator style and influence in multi-party negotiations: exploring the role of gender.

<table>
<thead>
<tr>
<th>Masculine Tendencies</th>
<th>Feminine Tendencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visualize one-shot deal</td>
<td>Visualize long-term relationship</td>
</tr>
<tr>
<td>Seek a sport-type victory</td>
<td>Seek mutual gain</td>
</tr>
<tr>
<td>Emphasize rules-of-the-game and power positions</td>
<td>Emphasize fairness</td>
</tr>
<tr>
<td>Explain logic of their position</td>
<td>Inquire about others’ needs</td>
</tr>
<tr>
<td>Speak in a dominating manner</td>
<td>Use powerless speech</td>
</tr>
<tr>
<td>Be intransigent about their position</td>
<td>Be willing to compromise</td>
</tr>
<tr>
<td>Interrupt and deceive the other party</td>
<td>Avoid tactics that might harm long-term relationships</td>
</tr>
</tbody>
</table>

(Source: Lewicki et al., 1993)

According to Karakowsky et al. (2005), we rarely hear the woman’s voice in formal or public negotiations, as it tends to be muted and easily overwhelmed. The authors claim that one possible explanation for this is that the formal negotiating table may be an unfamiliar place for most women.
From another point of view, Walters et al. (1998) claim that men and women have different orientations toward negotiations. Compared to women, men appeared to be insensitive to the relationship between parties and more oriented toward maximization of negotiation outcomes.

According to the Social Role Theory, gender differences in social behavior are, in part, caused by the tendency of individuals to behave consistently with their gender role (Eagly, 1987; Maccoby and Jacklin, 1974). Based on this view, through socialization at a young age, men are taught to be outgoing and achievement-oriented, while women are taught to be emotionally oriented and reserved in their interactions with others. Women are generally socialized to respect male power and authority, and refrain from expressions of aggressiveness or assertiveness. Further, the Social Role Theory asserts that because men and women are socialized in different ways, it also encourage different types of behaviors in groups, where women tend to lean toward a higher level of socio-emotional behavior and that men are more task-oriented. According to Eagly’s gender-role perspective, gender differences in social behavior, originate from shared expectations or stereotypes about what is appropriate behavior for men and women (Karakowsky et al., 2005).

In terms of business negotiating styles, women negotiators will exhibit a higher level of integrative (win-win) and relationship-oriented negotiation style, while men negotiators on the other hand will exhibit a higher level of distributive-oriented (win-lose) negotiation style. To conclude this gender perspective, education can help individuals to get a better knowledge and understanding for men and women’s different conditions, in terms of negotiation styles. Furthermore, Porter (1990) assumes education and knowledge as both advanced and essential factors, in order for a country to develop competitive advantages in a global marketplace. Education also has the advantage of providing opportunities for an individual to interact with people from other cultures. In addition, an individual can become familiar with a national culture by many means, for example, the individual can gain experience abroad. From an experience abroad, the individual learns that intercultural encounters differ from normal experiences. According to Phillion (2007), going abroad is a valuable experience, since individuals learn what is and is not appropriate in their new context.
In conclusion, cultural exposure is multidimensional, but the level of exposure varies, depending on how much time the individual has spent abroad and to what extent the individual chooses to experience the local culture, during a visit. Nevertheless, to fully understand and participate in another culture, it becomes vital to learn how to communicate in that culture, both verbal and non-verbal. Communication is also part of Cultural Intelligence and many times, occur to be a serious factor in The Business Negotiation Process.

3.3 Communication

Often multicultural and cross-cultural communication is a case of: “Chinese Whispers” on an international level. What one says or shows is frequently not, what others hear or see. Culture is a vitally important factor in communication. McNamara (2003) states, that culture fundamentally shapes world-views and ways of thinking, and therefore is a crucial consideration in communication.

Dealing with the language, which most international business people consider their only barrier to understanding, is actually only the beginning. Wells et al. (1997) assume in their article that Non-verbal barriers to intercultural communication may pose greater problems than the language barriers. One explanation for this is that various non-verbal cues carry different meanings in different cultures. In addition, the authors state that physical distance makes effective communication necessary, and cultural differences make effective global communication essential. Furthermore, different languages spoken by people in different cultures are obvious barriers to effective communication when businesses wish to enter a global marketplace. In conclusion, Wells et al. (1997) claim that international communication is not necessarily different from any other communication activity. The difference is intercultural communication (communication activities among people of different cultures).

Evidence of that the formal structure of an organization does not completely predict communication behavior, is the existence of informal communication flows in the organization. “When one enters a concrete organization in order to observe closely the behavior of its members, it becomes extremely difficult to distinguish what is formal and
what is informal in their actions.” (Everett et al., 1976, p.100). Despite this fact, many researchers have been able to determine whether communication is formal or informal.

3.3.1 Formal and Informal Communication
Formal communication is more likely to be in written form and to be vertical in direction. Informal communication on the other hand often contributes towards organizations effectiveness in reaching their goals. Informal communication tends to be spontaneous, not controlled by top executives and is largely motivated by individual self-interest. One can say that informal communication is always of some importance in an organization, whether or not the formal channels are functioning effectively. Here, formal and informal communication channels are seen as complementary and substitutable (Everett et al., 1976).

3.3.2 Frequency in communication
Communication is multidimensional and represents the total amount of interaction among team members, regardless of the informality or frequency of a mode of interaction. When measuring frequency, one must bear in mind that interaction can occur in face-to-face meetings (whether in groups or one on one) or by telephone, mail, e-mail, and other internet-related media. (Smith et al., 1994) A frequent communication in an early stage of the negotiation process can help identify and correct communication errors. However, frequency in communication can be limited due to different time zones (Stoel, 2002).

3.3.3 Openness in communication
Communication openness can be defined as the ease of talking to each other in a group, and the extent of understanding gained when people talk to other group members. Ayoko (2007) states that demographic diversity is associated with increased difficulties in communication, coordination, conflict and poor group consequences.

Previous studies show that a group’s demographic composition influence communication between group members because people tend to communicate more openly, with those who
are similar to themselves (Ayoko, 2007). The opposite occur when group members perceive themselves as dissimilar. This has a negative impact on the communication process.

3.3.4 Communication as a mediating factor

There are mainly two factors that work as mediators in a cultural context. The first factor is psychological adjustment that originates from the stress and coping framework and emphasizes emotional well-being and satisfaction with sojourning experiences.

The second factor is socio-cultural adjustment. Socio-cultural adjustment is derived from the socio-cognitive model and stresses the ability to: “Fit in” and the skill to deal with interactive aspects of host cultural contexts. (Ward & Chang, 1997; Ward & Kennedy, 1993a, 1993b, 1994; Ward & Rana-Deuba, 1999; Ward & Searle, 1991).

3.3.5 Communication in Negotiations

Communicating in an effective way is a great challenge. It becomes important to be aware of both the intended and unintended signals that are given to the other party. To be an effective communicator, professionals must master both verbal and non-verbal communications to achieve their goals. Negotiator communication competency is essential for understanding the role that communication plays in global negotiations. According to Speece et al. (2004), communication skills are one of the key ingredients for successful international business negotiations. The way communication works in various cultures, is a critical issue that has particular relevance for negotiations.

Hall (1976) noted differences in verbal and non-verbal expressions in cultures, and talked about the extent to which communication is carried by words, or is embedded in contexts. The categorization into high-and low-context cultures have proved to be very effective, when examining the cultural impact on business negotiations.

In high-context cultures, background information is implicit and much of the message is carried in how the words relate to that implicit information. The main communication in this
context depends on contextual and social cues for meaning. Individuals in high-context cultures use expressive manner or non-verbal language such as voice, posture, gesture, body language, facial expressions and periods of silence in their communication. Non-verbal variables such as status, values and associations are also part of the communication context and play a role in how the language is interpreted (Speece et al., 2004).

In low-context cultures, background information need to be explicitly expressed because most of the message is carried by the words themselves, not by the context in which the words are expressed. Individuals in low-context cultures rely on formal communication, which mainly focuses on verbal expressions, and place more emphasizes on win-win solutions. Reasons for this are that these cultures are more relationship-oriented and communication in high-context cultures requires much more attention: “Reading the counterpart” i.e. understanding what they really mean and care about (Speece et al., 2004).

To conclude, cross-cultural communication tends to be complex, because of different languages spoken and non-verbal barriers, which carry different meanings in different cultures. Wells et al. (1997) state that physical distance makes effective communication necessary and cultural differences make effective global communication essential. In general, different languages spoken are obvious barriers to effective communication. The same can be said for informal and formal communication, for which there are problems in the definition, for what can be considered as formal and informal communication. However, both forms of communication are of some importance in an organization and are complementary and substitutable to each other.

Furthermore, within communication there are three dimensions: frequency in communication, openness in communication and communication in negotiations. Frequency in communication represents the total amount of interactions between parties, whereas openness in communication can be defined as the ease of talking to each other. Demographic diversity is associated with increased difficulties in communication. To conduct an effective communication in negotiations, can be a great challenge for both parties. Also, the way communication works in various cultures, is a critical issue and has particular relevance for the Business Negotiation Process.
Communication is fundamental in the business negotiation process. Probably communication is so simplistic, meaning that it is hard not to take notice of but at the same time is always present in the business negotiation process. Communication varies according to the formality of the negotiation situation and gives opportunity for the counterparts to share beliefs, values, ideas and feelings. In addition, communication allows the counterparts to gather information on each other. Verbal and non-verbal communication is a key factor of persuasion that can be used in the business negotiation process. Another important aspect relevant to the non-verbal communication is in what way the counterparts choose to express their needs and feelings by using their body language and tone of voice. Consequently, this will determine the way the counterparts perceive one another.

Another aspect of communication relevant for the business negotiation process is the direct or indirect approach to exchanging information. During the negotiation situation, the counterparts interact by means of communication e.g. face-to-face negotiation, via telephone or in written form. Furthermore, the counterparts many times seem to possess different implicit or explicit preferences and have an idea of their preferred outcome of the process. According to Hendon et al. (2008), these preferences guide the counterparts’ behaviors in the business negotiation process.

Communication plays a very important role in business and life. In fact, it is not unusual that people who speak a common language can be just as frustrated as people who speak different languages. Obvious barriers to a clear and effective communication in the business negotiation process are two counterparts that speak different languages, come from different cultures, and at the same time try to do business together. In the international business negotiation process the language or verbal communication is a powerful tool that can be used. At the same time, the non-verbal signs made by the counterparts can help assist the interpretation of verbal messages and has just as great significance as the verbal communication. In sum, one can say that in one way or the other, negotiation skills derive from our communication skills. Here the connection is that the better the negotiator can communicate, the more likely he is to attract people and thereby increase his business. (ibid).
3.4 Negotiation Process

Dimensional thinking of the business negotiation and the negotiating style is useful, in order to structure findings of the Chinese business negotiating style (Fang, 1999). Furthermore, Dadfar (1990) suggests that we can better understand the behavior of industrial buyer and sellers, by looking closely at three dimensions: technical, commercial and social behavior. Researchers have explored dimensions of the business negotiation, as part of the industrial buying-selling process (Dadfar, 1988, 1990; Hillier, 1975). In addition, Hillier tackles the complexity of the industrial buying-selling process by defining its three elements: “Technical complexity of the product, commercial complexity of the negotiations, and behavioral complexity of human interactions.” (Fang, 1999, p.40).

Furthermore, Dadfar (1988, 1990) develops these three elements into three dimensions of business negotiating style or behavior. Technical behavior refers to the way that technical specifications and standards are developed and discussed. Commercial behavior on the other hand is demonstrated in price preference and bargaining, contracting, payment, financial and delivery terms, and so on. The third and last dimension, Social behavior refers to the establishment of trust and confidence, patterns of communication, the way that personal contacts are made, preference for the media of communication, attitudes toward social institutions (i.e. family, tribe and friends).

3.4.1 Negotiation Phases

The negotiation phases are arguably one of the most important steps in the business negotiation process. All phases are important as they describe different steps in the negotiation. Furthermore, the stage model assumes that negotiations pass through a series of predictable stages on the path to agreement, and in this context Holmes (1992) have contributed with a Three Stages Model, which will be further explained. The aim is to get an understanding for how a negotiation begins and ends up in a final resolution for both parties.

Negotiation phases address how negotiation behavior changes over time, as parties interact with each other. In his summary of stage models, Holmes (1992) identifies three stages in the
negotiation process: initiation, problem solving and resolution. In the first stage of initiation, the individual explores the problem, establishes relationships and defines negotiating range. The second stage involves problem solving, in which the individual adopt a variety of strategies, in order to define and strengthen the position, to better understand the opponent’s position and identify a range of possible solutions. Resolution is the final stage for in which a settlement is reached (Holmes, 1992).

According to Ghauari (1996), the international business negotiation process can be divided into three different stages, where each stage of the process refers to a specific part in the process. The different stages of the international business negotiation process include all the actions and communications of the participants. Furthermore, a particular stage ends where parties decide to proceed further to the next stage, or decide to abandon the communication, if they should not see a point in further negotiations. When it comes to the international business negotiation process, this has two dimensions. In addition, to the three stages of pre-negotiation, face-to-face negotiation and post negotiation, the process has one cultural dimension and one strategic dimension. Both of these dimensions are presented at all three stages and play different roles at different stages.

The first stage involves pre-negotiation and begins with the first contact between parties, in which an interest in doing business with each other is shown. During this stage, some negotiations take place and tentative offers are made. The dynamism of the process can be observed at this early stage, when parties begin to understand one another’s needs and evaluate the benefits of entering the business negotiation process. In addition, in this stage the parties gather as much relevant information as possible on each other, the operating environment, involvement of other third parties, influencers, competitors and the infrastructure. At this stage, parties need to be aware of that their relative power relationship can be altered at any time.

At the pre-negotiation stage, it is crucial that the parties truly discuss each other’s objectives and expectations, in order to achieve a positive problem-solving situation. Whether the parties continue to the next stage of the negotiation process, depend on the perceived level of cooperation or conflict, of power or dependence and expected benefits of the relationship. To
avoid that the business negotiation process ends up in failure, the parties should see how they are going to cooperate. The parties should furthermore examine whether it is realistic to expect to achieve the objectives of both sides as well as the importance to identify obstacles that have to be overcome. In conclusion, the pre-negotiation stage is often more important than the formal negotiations in an international business relationship (Ghauari et al., 2003). The authors further state that social and informal relationships, developed between negotiators at this stage, can be of great help. In addition, trust and confidence that are gained from these relationships increase the chances for a final agreement between the parties.

The second stage involves face-to-face negotiation. A basic issue at this stage is that parties believe they can work together to find a solution to a joint problem. It is important to be aware of the fact that each side views the situation in their own way. In addition, each side has different perceptions of the process and different expectations for the outcome. Therefore, one can say that face-to-face negotiations should start with an open mind and consider several alternatives. As the process continues, the parties should evaluate the alternatives presented and select those alternatives that are compatible with their own expectations. The main issue in the face-to-face negotiation stage is to explore the differences in preferences and expectations and to come closer to each other. Experience shows that the partner who sets the agenda, also controls the negotiation process. This gives opportunity for the other party to emphasize his or her own strengths, and the other party’s weaknesses; thus putting the other party on defensive.

According to Ghauari et al. (2003), some negotiators prefer to start negotiations, by discussing and agreeing on broad principles for the business relationship. Another way to ensure success at this stage is to negotiate the contract gradually, discussing both conflicting issues and those of common interest.

The third and final stage of the business negotiation process involves post-negotiations. At the post-negotiation stage, the contract is being drawn up and prepared to be signed. Experience has shown that writing the contract and the language used can be a negotiation process in itself, as meanings and values differ between the two parties. Furthermore, in several cases involving Western Firms and Emerging-Countries Parties, the language and the recording of
issues previously agreed upon, take considerable time. According to Ghauari et al. (2003), this stage can lead to renewed face-to-face negotiations, if there is negative feedback from background factors and atmosphere. In conclusion, Ghauari et al. (2003) suggest that both parties should read the terms agreed upon, after exchanged concessions and discussions. There might occur problems, during the implementation of the contract if parties are too eager to reach an agreement and do not pay enough attention to details. Ghauari et al. (2003) state that the best way to solve this problem is to confer that both sides thoroughly understand what they have agreed upon, before leaving the negotiating table.

In general, the most difficult aspect of international business negotiations is the actual conduct of the face-to-face meeting. Before, going into a business negotiation, most people have expectations about the proper or normal process of such meeting. Also, differences in the expectations, held by parties from different cultures are one of the major difficulties any cross-cultural business negotiation. According to Graham et al. (2003), it is important to consider similarities between cultures as well, and identifies that business negotiations, proceed through four different stages: non-task sounding, task-related exchange of information, persuasion and concessions and agreement.

According to Dadfar (1990), the Business Negotiation Process can be divided into three dimensions of business negotiating style or behavior: technical, commercial and social behavior. All three dimensions are part of the industrial buying-selling process. The first dimension, technical behavior refers to the product, and involves the development of technical specifications and standards. The second dimension, Commercial complexity refers to a written contract, whereas the third dimension, social behavior refers to relationships and patterns of communication.

Within the business negotiation process, the negotiation phases are argued as important steps, as the three stages of initiation, problem solving and resolution describe different steps in the business negotiation process. Furthermore, Ghauari (1990) assumes that within the international business negotiation process, there are three stages, which all refer to a specific part of the process. The three stages of pre-negotiation, face-to-face negotiation and post-negotiation include all the actions and communications of the parties. The first stage of pre-
negotiation refers to the first contact between the parties, and at this stage, the parties begin to understand one another’s needs. The second stage of face-to-face negotiation and a difficult aspect in international Business Negotiations, the parties begin to evaluate the alternatives presented and choose those alternatives that are compatible with the parties own expectations. The third and final stage of the business negotiation process, post-negotiation includes the final agreement of the contract. In addition to the three stages of pre-negotiation, face-to-face negotiation and post negotiation, there are two dimensions present: cultural dimension and strategic dimension, which play different roles at different stages of the international Business Negotiation Process. Below, a model explaining the relationship between Cultural Intelligence and the Business Negotiation Process will be presented. The purpose with this model is to investigate what influence Cultural Intelligence has on the Business Negotiation Process.

3.5 The model
Figure 3.2 consists of two concepts, Cultural Intelligence as an independent concept and the Business Negotiation Process as a dependent concept. Within Cultural Intelligence, demography is shown. In the empirical part, we could see that demography has a positive influence on Cultural Intelligence, especially when it comes to experience abroad. However, when it comes to the behavioral dimension of cultural intelligence, experience abroad has a negative influence. Since demography can have both a positive and negative influence on different parts of Cultural Intelligence, we choose to integrate demography as part of Cultural Intelligence into the model. In The Business Negotiation Process, communication is a vital part in order to conduct the business negotiation. Communication also seems to have a mutual influence on both Cultural Intelligence and The Business Negotiation Process. In the model, the arrow in the middle displays this mutual influence between Cultural Intelligence and The Business Negotiation Process.
Figure 3.2 The relationship between Cultural Intelligence and The Business Negotiation Process.
(Source: Own design)
4. Empirical Methodology

In this chapter, the empirical method is presented. First the research design and research strategy are introduced, followed by data collection, operationalization, reliability, validity and generalisability that will be defined and discussed as well.

4.1 Research design and strategy

The research strategy together with research choices and time horizons are the next three layers of the Research onion. According to Saunders et al. (2009), it is important to have a clear research strategy and state that no research strategy is superior or inferior to any other strategy. Furthermore, they say that the most important thing is that the research strategy can answer the research question and meet the researcher’s objectives. According to Saunders et al. (2009), a research strategy can be divided into seven different categories: action research, archival research, case study, ethnography, experiment and survey. In addition, each strategy can be used for explanatory, exploratory and descriptive studies and some of these strategies can belong to either a deductive approach or inductive approach. Consequently, Saunders et al. (2009) assume that the choice of research strategy also will be guided by the research question and objectives, the extent of existing knowledge, the amount of time and other available resources as well as philosophical underpinnings.

According to Saunders et al. (2009), the research design: “Will be the general plan of how you will go about answering your research question(s).” (Saunders et al., 2009, p.136). Furthermore, the research design should have clear objectives, specify the sources from which the researcher intends to collect data, consider possible constraints as well as discuss ethical issues (ibid). In conclusion: “The justification should always be based on your research question(s) and objectives as well as being consistent with your research philosophy.” (Saunders et al., 2009, p.137). Saunders et al. (2009) state that the research design consequently can be divided into an explanatory, exploratory or descriptive study. In an explanatory study, the purpose is to: “Establish causal relationships between variables.” (Saunders et al., 2009, p.140). Also in an explanatory study, there is an emphasis on study a
problem or situation in order to be able to explain the relationships between different variables. “An exploratory study is a valuable means of finding out what is happening; to seek new insights; to ask questions and to assess phenomena in a new light.” (Saunders et al., 2009, p.139). Furthermore, in an exploratory study it is possible that the researcher finds correlations between different concepts. According to Saunders et al. (2009), there are three ways of conducting an exploratory study. It can be done by searching the literature, doing interviews with “experts” in the field or “conducting focus group interviews.” (Saunders et al., 2009, p.140). In a descriptive study, the purpose is: “To portray an accurate profile of persons, events or situations.” (Saunders et al., 2009, p.140). Furthermore, in descriptive studies it is important to have a clear picture of the phenomena that are to be investigated, prior to the collection of data.

This study consists of an exploratory study. According to Saunders et al. (2009), an exploratory study is particularly useful when a researcher wants to clarify his or her understanding of a problem. In this context, we face problems in the business negotiation process and seek explanations for why there is a high failure rate in international business negotiations.

4.2 Data Collection

A data collection refers to the collection of primary and secondary data. The data collection is necessary in order to be able to answer the research question and meet the objectives of the study. Silverman (2007) says that the choice of data collection method should depend on: “What is the best way to answer your research question.” (Saunders et al., 2009, p.325, 326). Primarily data is collected directly from firsthand experience. The key point is that primary data is unique to a specific research, and until it is published, nobody else has access to that information. The primary data can be collected in several different ways, for example by conducting interviews (Saunders et al., 2009).

Secondary data were originally collected for another purpose. The advantage of using secondary data is that it saves a lot of time for the researcher, although the reliability of the sources can be questioned. Saunders et al. (2009) have created three main sub-groups of the
secondary data: “Documentary data, survey-based data, and those compiled from multiple sources.” (Saunders et al., 2009, p.258). Many times interviews are highly formalized and structured, using standardized questions for each respondent, or the interviews can be informal and unstructured conversations. Saunders et al. (2009) distinguish between three types of interviews: structured, semi structured and unstructured or in-depth interviews. Unstructured or in-depth interviews are informal meaning: “There is no predetermined list of questions to work through in this situation.” (Saunders et al., 2009, p.321). In this context: “The interviewee is given the opportunity to talk freely about events, behavior and beliefs in relation to the topic area.” (ibid). In addition, in unstructured interviews it is the interviewee’s perception that guides the conduct of the interview.

According to Saunders et al. (2009), the use of unstructured interviews may be advantageous in many situations. Furthermore, they state that there are “four aspects related to the interview: the purpose of the research… the significance of establishing personal contact… the nature of the data collection questions… the length of time required and completeness of the process.” (Saunders et al., 2009, p.323). In addition, in-depth interviews give the opportunity to explore answers and opportunity for the respondents to build on their responses. The advantage of establishing a personal contact with the respondent is that it gives opportunities for the respondent to receive feedback and personal assurance about the way in which information will be used. Saunders et al. (2009) state that: “an interview will undoubtedly be the most advantageous approach to attempt to obtain data in the following circumstances: where there are a large number of questions to be answered… where the questions are either complex or open-ended… where the order and logic of questioning may need to be varied” (Saunders et al., 2009, p.324). In addition, they state that an in-depth interview will be the most appropriate for the latter two types of situations.

When conducting in-depth interviews it is very important that the researcher stays focused, otherwise the study: “Will clearly lack a sense of direction and purpose.” (Saunders et al., 2009, p.329). Furthermore, they suggest that when creating an interview-guide it is important to ensure that the order of the questions is likely to be logical and that the language is comprehensible for the respondent.
We chose to do in-depth interviews and have personal contact with our three respondents. In all three cases, the aim was to create a relaxed setting where our respondents would feel comfortable and allowed to speak freely without being interrupted. In-depth interviews were the most optimal for our study since our aim was to analyze an interaction between the two counterparts during a business negotiation process.

We structured our interviews by focusing on intercultural engagement, intercultural communication and intercultural understanding as part of cultural intelligence and technical, commercial and social behavior as part of the business negotiation process. Demography that is an influencing factor on the business negotiation process was reflected upon in the answers of the respondents. In the beginning of our interview-guide, we constructed open questions where the respondents were asked to tell about his life situation. This was a starting point for our interview. Although it is very important to let the respondents talk freely, the interview guide helped us stay focused and allowed us to follow up responses and obtain details from the respondents. Furthermore, to be assured that we did not to miss any important details that could be valuable for our study, we recorded all interviews. However, during the research process we had to refine our interview-guide because our questions were experienced as repeating and inconsequent by the first of our respondents. In conclusion, the interviews were conducted in Swedish, in order to avoid any misunderstandings and to be able to read any subtleties in verbal and nonverbal communication.

4.3 Operationalization

In our study, we present the two concepts of Cultural Intelligence and The Business Negotiation Process. In this case, Cultural Intelligence is seen as an independent concept, whereas The Business Negotiation Process is a dependent concept. Our aim is to show how Cultural Intelligence influences The Business Negotiation Process. Since our respondents come from varied backgrounds, consequently they have different experiences from negotiations. By taking the respondents experiences into account and follow up with questions that are related to the business negotiation situation, we can look at different aspects of Cultural Intelligence and The Business Negotiation Process.
4.3.1 The framework of the qualitative interviews

In the framework, we have four different sections. The first section contains the three dimensions as part of Cultural Intelligence: intercultural engagement, intercultural communication and intercultural understanding. (Plum, 2008). In addition, we intend to measure both the conscious and unconscious levels of cultural intelligence. Furthermore, we will create a general picture of metacognitive, cognitive, emotional and behavioral patterns of the respondents. During the interviews, we will take notice of the non-verbal signs of the respondents, such as body language and tone of voice and so on. In addition, our personal feelings that we got when interviewing the respondents will be considered as well. In this way, we can consider the unconscious parts that belong to cultural intelligence. After the interviews, we will not only analyze the answers from the respondents, but also analyze and connect our own reactions that we experienced during the interviews with the respondents. The questions were divided in to the categories demography, negotiation process, intercultural engagement, intercultural communication and finally intercultural understanding. Under the different headlines there will be questions that cover more than one headline. In addition, the questions are just a guideline. As the interview proceeds, the interviewer has the freedom to ask questions not listed in the interview guide, in order to gain a deeper knowledge of anything that concerns the subject of the thesis. Furthermore, we will let the respondents develop reasoning. It is also important to know that understanding can be measured across the entire interview guideline. In the interview guideline understanding has its own section, in order for us to get a deeper understanding concerning the respondents understanding of the business negotiation process.

4.3.1.1 Demography

Demography is reflected in each respondent’s answer, and in the model; demography is part of Cultural Intelligence. In this section, we intend to measure demography and its sub dimensions. We did this, first by measuring demographics in order to get an overall picture of each respondent’s background and presence. At the same time, this created a tangible concept and gave opportunity to draw conclusions on how demography influences The Business Negotiation Process. By including the demographic concept into the result section, we were
able to connect demography with both Cultural Intelligence and The Business Negotiation Process. Below follow, the questions that were asked in order to measure demography.

D1. Gender of the respondent?
This question is relevant for the interview guideline, so that we can explore if and how gender has an influence on the business negotiation process.

D2. Witch position do you hold in the company?
This question is relevant for the interview guideline, so that we can explore if and how the position in the company of the respondent has an influence on the business negotiation process.

D3. What kind of education do you hold?
This question is relevant for the interview guideline, so that we can explore if and how the educational level of the respondent has an influence on the business negotiation process.

D4. How many employees are you in the company?
This question is relevant for the interview guideline, so that we can explore if and how the number of employees of the respondent has an influence on the business negotiation process.

D5. How old are you?
This question is relevant for the interview guideline, so that we can explore if and how the age of the respondent has an influence on the business negotiation process.

D6. In what country/s have you been stationed?
This question is relevant for the interview guideline, so that we can explore if and how the experience of working in different countries has an influence on the business negotiation process.

D7. How many foreign missions did you have in your career and where?
This question is relevant for the interview guideline, so that we can explore if and how the number of missions the respondent had influence the business negotiation process.
4.3.1.2 The Business Negotiation Process
Here the knowledge of the business negotiation process is mixed with the different dimensions of cultural intelligence. Furthermore, we specifically try to measure the different parts of the business negotiation process here. The following questions were asked to measure the negotiation process:

**F1.** Can you describe the different steps in a business negotiation?
This question is relevant for the interview guideline, so that we can explore the understanding the respondent has of the different parts of the business negotiation process. Look at appendix V to see the different sublevels of the business negotiation process.

**F2.** Can you tell us about what experiences you have negotiating with different cultures?
This question is relevant for the interview guideline; so that we can explore if and how the experience of negotiating with different cultures has an influence the respondent had influence the business negotiation process. Look at appendix V to see the different sublevels of the business negotiation process.

**F3.** How do you prepare yourself before the main negotiation?
This question is relevant for the interview guideline, so that we can explore if and how the respondent prepares before conducting the main business negotiation. Look at appendix V to see the different sublevels of the business negotiation process.

**F4.** Is there any difference negotiating with China compare to negotiate with Sweden?
This question is relevant for the interview guideline, so that we can explore if there is any difference and if there are, what kind of differences are there negotiating between Sweden and China. Look at appendix V to see the different sublevels of the business negotiation process.

**F5.** Can you describe the pros and cons with negotiating with China?
This question is relevant for the interview guideline, so that we can explore if there is any motivational or de-motivational factors the respondent has negotiating between Sweden and China and how it influence the business negotiation process. Look at appendix V to see the different sublevels of the business negotiation process.
4.3.1.3 Intercultural Engagement

The first dimension of cultural intelligence is intercultural engagement; we measured this by asking our respondents open-ended questions, in order to find out possible correlations between intercultural engagement and the business negotiation process. Consequently, this also included asking questions about the respondent’s emotions, and take notice of how the respondent reacted when talking about a specific business negotiation situation. The following questions were asked to measure intercultural engagement:

**E1.** What motivates you to negotiate with cultures other than your own?
This question asks about the different kinds of motivation that can occur in cross-cultural negotiations. It is relevant because it is intended to measure emotions that occur in a cross-cultural negotiation. Look at appendix IV to see the different sublevels of intercultural engagement.

**E2.** What kind of emotions can be present before, under and after the main negotiation? (Pride, taboos, power constructions, former experiences of each other and what kind of risks does the situation hold?)
This question asks directly about what kind of emotions that can occur in a cross-cultural negotiation. It is relevant because it is intended to measure emotions that occur in a cross-cultural negotiation. Look at appendix IV to see the different sublevels of intercultural engagement.

**E3.** What role do emotions have during the negotiation?
This question asks about the perception that the respondent hold of the emotional aspects and how emotions influence the business negotiation process. It is relevant because it is intended to measure emotions that occur in a cross-cultural negotiation. Look at appendix IV to see the different sublevels of intercultural engagement.

**E4.** What kind of emotional pitfalls exist during the negotiation?
This question asks about the emotional pitfalls that the respondent have experienced. It is also about the emotional aspects and how emotions influence the business negotiation process. It is
relevant because it is intended to measure emotions that occur in a cross-cultural negotiation. Look at appendix IV to see the different sublevels of intercultural engagement.

**F5. Is there anything that can distract you during the main negotiation?**
This question asks about the different kinds of distractions that can occur in the face-to-face negotiation. It is about the presence in mind during the business negotiation process. It is relevant because it is intended to measure the ability to concentrate in a cross-cultural negotiation. Look at appendix IV to see the different sublevels of intercultural engagement.

**E6. In what way does the physical environment at the main negotiation affect you? (you, your counterpart, working environment etc?)**
This question asks in what way the respondent is affected by the physical negotiation environment. It is relevant because it is intended to measure the attitude and emotion of the respondent in a cross-cultural negotiation. Look at appendix IV to see the different sublevels of intercultural engagement.

**E7a. Do you have any personal interests in the business negotiation process?**
This question asks about the personal interests that the respondent have in the business negotiation process. It is relevant because it is intended to measure conflicting interests that occur in a cross-cultural negotiation. Look at appendix IV to see the different sublevels of intercultural engagement.

**E7b. If yes, describe the personal interests?**
This question asks about the personal interests that the respondent have in the business negotiation process. It is relevant because it is intended to measure conflicting interests that occur in a cross-cultural negotiation. Look at appendix IV to see the different sublevels of intercultural engagement.

**E7c. How do you think your personal interests influence the negotiation process?**
This question asks about the personal interests that the respondent have in the business negotiation process. It is relevant because it is intended to measure conflicting interests that
occur in a cross-cultural negotiation. Look at appendix IV to see the different sublevels of intercultural engagement.

**E8.** In what way do you think your level of engagement is affecting the business negotiation process?

This question asks about the level of engagement that the respondent have in the business negotiation process. It is relevant because it is intended to measure conflicting interests that occur in a cross-cultural negotiation. Look at appendix IV to see the different sublevels of intercultural engagement.

**4.3.1.4 Intercultural Communication**

The second dimension of cultural intelligence is intercultural communication. We were interested in finding out how our respondents were communicating during a business negotiation process. During the interviews, we also observed how the respondents were communicating and as a result from this, we were able to measure the importance of communication and the communication skills of the respondents. The following questions were asked to measure intercultural communication:

**C1.** Can you describe the different ways of communicating with your counterpart during the main negotiation?

This question asks about the different ways of communicating in the business negotiation process. It is relevant because it is intended to measure both conscious and unconscious communication that occurs in a cross-cultural negotiation. Look at appendix IV to see the different sublevels of intercultural communication.

**C2.** What is the first thing you notice that your counter part does when you see each other at the main negotiation?

This question asks about the different ways of communicating in the business negotiation process. It is relevant because it is intended to measure both conscious and unconscious communication that occurs in a cross-cultural negotiation. Look at appendix IV to see the
different sublevels of intercultural communication. Look at appendix IV to see the different sublevels of intercultural communication.

**C3.** What is the first thing you talk about at the main negotiation?
This question asks about the first thing the respondent talks about at the main negotiation in the business negotiation process. It is relevant because it is intended to measure both conscious and unconscious communication that occurs in a cross-cultural negotiation. Look at appendix IV to see the different sublevels of intercultural communication.

**C4a.** Can embarrassing situations occur during the main negotiation?
This question asks about if embarrassing situations can occur during the main negotiation in the business negotiation process. It is relevant because it is intended to measure both conscious and unconscious communication as well as attitudes that occur in a cross-cultural negotiation. Look at appendix IV to see the different sublevels of intercultural communication.

**C4b.** Why do you think embarrassing situations occur during the main negotiation?
This question asks about if embarrassing situations can occur during the main negotiation in the business negotiation process. It is relevant because it is intended to measure both conscious and unconscious communication as well as attitudes that occur in a cross-cultural negotiation. Look at appendix IV to see the different sublevels of intercultural communication.

**C5.** How do you think your way of communicating influence the negotiation process?
This question asks directly of how the respondent think that the communication influence the business negotiation process. It is relevant because it is intended to measure both conscious and unconscious communication that occurs in a cross-cultural negotiation. Look at appendix IV to see the different sublevels of intercultural communication.
4.3.1.5 Intercultural Understanding
The third and last dimension of cultural intelligence is called intercultural understanding and is focusing on the cultural understanding of the business negotiation process. The aim is to find out how familiar the respondents are, concerning the differences between the respondents own culture and the culture of their counterpart. The following questions were asked to measure intercultural understanding:

**F1. What separates the Chinese from the Swedish culture?**
This question asks about the differences between the Swedish and the Chinese culture. It is relevant because it is intended to measure the knowledge about the differences between the cultures in a cross-cultural negotiation. Look at appendix IV to see the different sublevels of intercultural understanding.

**F2. Can you give us your view of how the cultural differences influence the negotiation process?**
This question asks about how the cultural differences influence the negotiation process. It is relevant because it is intended to measure the understanding of the differences both in the respondents own culture and the respondents understanding of the foreign culture in a cross-cultural negotiation. Look at appendix IV to see the different sublevels of intercultural understanding.

**F3. Is there any cultural behavior that can cause a conflict regarding your counterpart during the main negotiation?**
This question asks about specifically cultural bounded behavior that can cause a conflict. It is relevant because it is intended to measure the understanding of the respondent perception of the respondents own behavior and how it can cause a conflict in a cross-cultural negotiation. Look at appendix IV to see the different sublevels of intercultural understanding.

**F4. Can you describe what a cultural misunderstanding is?**
This question asks about what a cultural misunderstanding is. It is relevant because it is intended to measure the knowledge of the respondent perception of misunderstandings and
how they occur in a cross-cultural negotiation. Look at appendix IV to see the different sublevels of intercultural understanding.

**F5.** Can you describe the signs that you and your counterpart do not understand each other during the main negotiation?

This question asks about signs of misunderstandings. It is relevant because it is intended to measure the knowledge of the respondent perception of misunderstandings and how they occur in a cross-cultural negotiation. Look at appendix IV to see the different sublevels of intercultural understanding.

**F6.** How do you think your understanding of your counterpart’s culture influences the negotiation process?

This question asks about in what way understanding influences the business negotiation process. It is relevant because it is intended to measure the understanding cross-cultural negotiations. Look at appendix IV to see the different sublevels of intercultural understanding.

In conclusion, the interviews will be conducted, by letting the respondents know as little as possible before the actual interview so that they will not be able to prepare. The point of doing this is that we intend to measure the first reactions when asking the questions. During the research process, we will also have the opportunity to do follow-up interviews with our respondents, and in that way complete any flaws found when looking through the answers of the respondents.

**4.4 Reliability**

According to Saunders *et al.* (2009), reliability: “Refers to the extent to which your data collection techniques or analysis procedures will yield consistent findings.” (Saunders *et al.*, 2009, p.156). Furthermore, they state that a number of data quality issues can be identified in relation to the use of in-depth interviews: reliability, forms of bias, validity and generalisability.
According to Silverman (2007), reliability in qualitative studies is concerned with whether other researchers within the same field would reveal similar information. In addition, the concerns about reliability in qualitative interviews are also related to issues of bias. According to Saunders et al. (2009), there are two types of bias to consider interviewer bias and interviewee or response bias. The first bias is related to the interviewer bias and: “This is where the comments, tone or non-verbal behavior of the interviewer creates bias in the way that interviewees respond to the questions being asked.” (Saunders et al., 2009, p.326). In addition, this might be where the interviewer attempts to impose his or her own beliefs and frame of reference, through the questions being asked. It is also possible that the interviewer will demonstrate bias in the way he or she interprets responses. In conclusion, where the interviewer are unable to develop trust of the interviewee or when there is a lack of credibility, the value of the information given may also be limited and can affect both the validity and reliability of the study (ibid).

The second bias is related to interviewee or response bias and: “This type of bias may be caused by perceptions about the interviewer, as referred to above, or in relation to perceived interviewer bias.” (Saunders et al., 2009, p.326). Furthermore Saunders et al. (2009) mean that taking part in an interview is an intrusive process and this is true in the case of in-depth interviews where the researcher’s aim is to explore events and seek explanations. In conclusion, when conducting in-depth interviews, there is a chance that the interviewee might be sensitive to the unstructured exploration of certain themes. Saunders et al. (2009) mention that the interviewee may choose not to reveal and discuss any aspects of a topic, if it would intrude on sensitive information that the interviewee do not wish to or is not empowered to discuss.

4.5 Validity

Saunders et al. (2009) state that validity: “Refers to the extent to which the researcher gains access to the participants’ knowledge and experience, and is able to infer a meaning that the participant intended from the language that was used by this person.” (Saunders et al., 2009, p.327). In addition, high level of validity in relation to in-depth interviews that are conducted carefully is: “Due to the questions being able to be clarified, meanings of responses probed
and topics discussed from a variety of angles.” (ibid). Yin (1989) argues that the aim with qualitative research is not to make statistical generalizations, instead make theoretical generalizations.

4.6 Analytical Generalisability

According to Yin (1994) the: “External validity addresses generalisability of the results.” (Seuring et al., 2005, p.263). Furthermore, Seuring et al. (2005), state that external validity is supported by replication of findings. Yin (1994) defines two types of generalisability: statistical generalisability and analytical generalisability. Furthermore, Yin (1994) states that a statistical generalization is dependent on both the sample size and variation within the sample and population. In addition Yin (1994) also states, that few qualitative studies use random samples in comparison to quantitative studies. Analytical generalisability is about: “Generalizing the findings of a study to create a theory, typically concerning the population represented in the study.” Furthermore, Yin (1994) states: “If two or more cases support the same findings but do not support rival findings, then ever greater confidence in the theoretic generalisability of the theory has been established.”

The reliability of this study is limited to the experiences of our respondents. We have chosen to do in-depth interviews with respondents who have particular experience from negotiating with Chinese counterparts. Furthermore, the respondents are not in the same industry and because of this, we were not able to make any generalizations concerning a certain industry. However, since our respondents are independent from each other, this can increase the validity and reliability of this study.
5. Analysis

In this part, firstly we analyze the respondent’s answerers separately and then move on to analyze the respondents’ answers holistically.

5.1 Company 1
The respondent is the founder and CEO of a Company that sells academic educations. He is 60 years old and is stationed in Sweden. He has experience from working and negotiating with English, German and Chinese companies. The company has seven employees.

5.1.1 Cultural Intelligence
The first part of Cultural Intelligence refers to intercultural engagement. Here the respondent seems to have two different views that are displayed in the following quote: “In a way, I have to be driven and motivated by performing for the company. As I see it, I need to be motivated in the line of duty. Satisfying the customer is also something that motivates me.” The first view shows that there is some kind of higher power telling the respondent to be motivated on a professional level. Since he is the top manager, he has no one above him to say this to him, so instead we believe that the customer can be a controlling factor. Consequently, if the respondent is not motivated and driven in what he does, he will not get any customers, resulting in failing revenue and ultimately the termination of the company. By looking at this statement, we can assume there is an unconscious level upholding the motivation of the stakeholders. The second view implies that the respondent has a personal interest in satisfying the customer and by being the investor. First, the respondent has a personal interest in getting his investment back and second has an emotional interest, by feeling satisfied when a customer is satisfied with the respondent’s services. These two views indicate that there is collaboration between a strong sense of duty and emotional motivation. According to Plum (2008), a strong sense of duty is derived from the emotional part of Cultural Intelligence, which also is in line with our findings.
When talking about how emotions influence the business negotiation process the respondent answered the following: “I think it is important to have a balance between empathy and apathy.” From this statement, we can see that it is important to have an emotionally stable personality and care just enough, not get too much involved emotionally and not be too cold. Furthermore, it seems that it is important to separate the professional from the personal life, in order to have a smooth business negotiation process. This statement can be concluded in the following quote: “Personal interests cannot play a role during the business negotiation process but there are exceptions.” What the respondent also expressed during the interview was that if the negotiator lets personal interest have an influence on the business negotiation process it has to be for serious reasons, for example a close relative has become very sick or dying. When discussing gender, earlier research indicates that it is important to be professional in the business negotiation situation. Furthermore, Karakowsky et al. (2005) state that men are taught to be outgoing and achievement-oriented.

In addition, the respondent states that he is influenced by his counterpart’s engagement level. From this statement, we can see that this can lead to a poor business relationship and a poor performance, resulting in a less good outcome of the business negotiation process. We can also see that sending a very motivated negotiator is not the only factor influencing the business negotiation process and does not mean that the negotiator will have a successful outcome. By looking at this statement in relation to the two previous statements, we can see an indication that men are sensitive by nature, but according to previous research not willing to express such feelings. (Karakowsky et al., 2005). In this context, it is stated that men have difficulties in handling emotions, and as a result from this prefer to use more professional and rational expressions.

Furthermore, to increase the motivation the respondent says: “The environment at the negotiation is to a large extent about showing each other mutual respect and to be professional in the treatment.” This statement shows that if the counterparts show each other mutual respect and act in a professional manner it is likely to lead to repeated business, and thereby increase the motivation and engagement in the business negotiation process. At the same time, the negotiator gets a feeling derived from experience and, thereby, develops a closer relationship that will help in strengthening the personal and professional ties.
From another statement made by the respondent, we can see that in Chinese business culture personal relationships are important: “At the same time you are met by a good reception from eight in the morning to eight in the evening. The Chinese are very considerate about their guests.” This statement indicates that it is important to have a personal relationship with your counterpart, to be able to build trust that can result in a better motivation for both counterparts. Once again, we can see the presence of emotions. According to Plum (2008), emotions belong to intercultural engagement as part of Cultural Intelligence: “The engagement dimension in cultural intelligence is about the emotional aspect of the situation” (p.23).

The second part of Cultural Intelligence refers to intercultural communication. The formal communication is an important factor and is done in a written form by the exchange of emails or by a well-formulated contract. In the beginning, the formal contract helps the negotiator to prepare before conducting the face-to-face negotiation. The respondent also expresses that: “The disadvantage when negotiating with China is the language, which is a repeated feature.” From this statement, we can see that the language is restricting the communication and the understanding, possibly leading to misunderstandings. Consequently, this can have an effect on both the outcome and the three behaviors of the business negotiation process. Furthermore, the respondent mentions that: “It can be difficult in the beginning to read your counterpart, but after meeting eight times it is easier to recognize the signals that lead to the conclusions that something is not right.” From this statement, we can see that there is both formal and informal communication at play. During the business negotiation process, it is important to build relationships, to be able to read and understand the informal communication of the other counterpart. From this statement, we can also see communication as a learning process where in the beginning of the business relationship we are like a blank page and as time goes by, we fill the pages with understanding and knowhow about the counterpart. The result can be a development of our communication skills both personally and professionally. As the negotiator develops a relationship, he will be able to read and understand the communication of the counterpart more easily, thus decreasing the misunderstandings. In turn, this will also have a positive influence on the outcome of the business negotiation process. In this context, the respondent mentions conscious and
unconscious communication. According to Plum (2008) conscious and unconscious communication, belong to intercultural communication, and are part of Cultural Intelligence:

“Cultural understanding is the knowledge and mental dimension of cultural intelligence.” (p.26).

The third part of Cultural Intelligence refers to intercultural understanding. Communication is a crucial factor in understanding each other. From another statement made by the respondent, we have seen how the language influences the communication. If the negotiator cannot speak or understand the verbal language of the counterpart, consequently there will be a much lower rate of understanding. In addition, if the negotiator only can read and interpret the informal communication, this would likely lead to failure in the business negotiation process.

According to the respondent: “Different stages in the business negotiation process are never the same.” This statement shows that the respondent is well aware of the different stages included in a business negotiation process. We can also see that by having an understanding of the different stages in a business negotiation process, it can be easier for the counterparts to conduct the business negotiation process with a mutual reference. It is important to have an understanding of the counterpart’s way of conducting the business negotiation in order to secure and have a smooth business negotiation process. We can also see that that the business negotiation process takes time from this statement: “It is important to consider that a negotiation takes time.” In this context, the respondent shows an understanding for the different stages in the business negotiation process. According to Plum (2008), understanding belongs to intercultural understanding as part of Cultural Intelligence: “It involves verbal and non-verbal communication.” (p.29).

The respondent has a personal interest in gaining more knowledge, which also is required, in order to have an understanding of the business negotiation process. With knowledge comes understanding and to fully understand the counterpart, it requires the negotiator to be familiar with both the language and different means of communication.
5.1.2 The Business Negotiation Process

The first part of the Business Negotiation Process refers to technical behavior. According to the respondent: “The advantages with negotiating with China, is that it gives a better position, in terms of that it becomes more difficult for other companies to copy, due to the distance between the countries.” As we can see from this statement, it is difficult for other Swedish competitors in the same type of industry to build up a Chinese customer base.

Factors that can make it difficult for other companies to copy the business concept are monetary, time consuming and the large distance between countries. The respondent also says: “It is important to have a lot of knowledge about the product.” From this statement, we can see that it is important to have knowledge about the technical aspects of the product. This statement also indicates that the negotiator needs to be well prepared and possibly have an interpreter that can help in the communication about the technical aspects of the product. According to Dadfar (1988, 1990) technical behavior refers to the way that technical specifications and standards are developed and discussed. As we can see from above statement, it is very important for the respondent to have knowledge about the technical aspects of the product. If we first look at the statement made by Dadfar, we can see an indication that communication is an important factor. Nevertheless, when we look at the statement made by the respondent we can add one more factor, namely preparation. From these two statements, we can say that communication and preparation are two important factors when discussing technical behavior of the business negotiation process.

The second part of The Business Negotiation Process refers to commercial behavior. According to the respondent: “In the beginning the Chinese tend to be very accurate with small details.” From this statement, we can see that in the beginning it is important for the negotiator to understand the importance of details, when negotiating about the terms and conditions of the written contract. In the beginning, the written contract is very important, but as the business negotiation proceeds, it changes to a more flexible and relationship oriented process, and informal negotiations take place.

Furthermore, the respondent says that: “It is always difficult in a negotiation situation to determine who you really negotiate with.” From this statement, we can see that there is a lack
of knowledge about the other counterpart’s business culture but also lack of understanding the negotiation situation. In addition, the respondent states that he thinks that: “Power dependency” influences the negotiation situation. This statement can be an indication that some people have more influence over the business negotiation process. Possible explanations could be that these people might have bigger companies and as a result from this can gain more influence over the business negotiation process. In addition, the respondent points out that: “It is important to consider that the Chinese government is always present.” This statement indicates that a negotiator cannot do business in China, without considering that the Chinese government is involved in one way or the other. According to Dadfar (1980, 1990) commercial behavior is demonstrated in price preference and bargaining, contracting, payment, financial and delivery terms i.e. As we can see from the statement made by the respondent, the written contact has an influence on The Business Negotiation Process. There is also an indication that the written contact determines the formality of the negotiation situation.

The third part of The Business Negotiation Process refers to social behavior. The respondent states: “The formality decreases as we get to know each other.” This indicates that the counterparts build up trust and this is an important aspect of the business negotiation process. Furthermore, trust is important when doing business with Chinese companies, since the negotiator cannot trust institutions such as banks, courts and insurance companies. On the other hand, the negotiator is unlikely to succeed in suing the other counterpart in a court of justice, because of a contract disagreement. The influence of the Chinese government on the business negotiation process also influences the Chinese counterpart’s and the Swedish counterpart’s social behavior by deciding the rules of the game. By this, we mean that the government controls the national policy and consequently has influence on all Chinese companies.

When it comes to social behavior, it is important to have a balance in your emotional life, resulting in a better social relationship. This is shown in the following statement: “I think it is important to have empathy, that there needs to be a balance between empathy and apathy is important.” From this statement, we can see that socially it is important that the
counterparts really understand each other and are able to handle the business situation in a professional manner.

The following quote is another indication of the importance of keeping the business relationship professional and not getting too personal: “The environment at the negotiation is to a large extent about showing each other mutual respect and to be professional in the face-to-face negotiation.” Furthermore, the respondent says: “Typical misunderstandings can be jokes. But to a large extent it is once again about the language and the culture does not matter.” This quote indicates that language, as part of culture does not have anything to do with misunderstandings. According to Dadfar (1988, 1990) social behavior refers to the establishment of trust and confidence, patterns of communication, the way that personal contacts are made, preference for the media of communication, attitudes toward social institutions (i.e. family, tribe and friends). As we can see from the statement made by the respondent, if you do not have trust, you are also unlikely to have a successful outcome. There is also an indication that trust is an important factor when building relationships with the other counterpart. Where the written contract tends to increase the formality of the negotiation situation, personal relationships decreases the formality as the counterparts get to know each other. Preference for the media of communication when it comes to social behavior, are face-to-face negotiations.

5.1.3 Influence
The first part of Cultural Intelligence refers to intercultural engagement, which correlates with commercial behavior and social behavior of the business negotiation process. The correlation between intercultural engagement and commercial behavior is the motivation. The correlation between intercultural engagement and social behavior is that it is important to be emotionally stable, to be able to interact socially and have a good outcome of the business negotiation process.

The second part of Cultural Intelligence refers to intercultural communication, which correlates with technical, commercial and social behavior of the business negotiation process. The correlation between intercultural communication and technical behavior is that the
The negotiator needs to be able to communicate the knowledge about the product. The correlation between intercultural communication and commercial behavior is that the negotiator needs to be able to communicate different aspects of the terms and conditions in a verbal way. Last, the correlation between intercultural communication and social behavior is that social behavior cannot exist without any means of communication and a way of interpreting it. The language connects these three parts and is the basic link for the parts to work together as a process.

The third part of Cultural Intelligence refers to intercultural understanding, which correlates with technical, commercial and social behavior of the business negotiation process. The correlation between intercultural understanding and technical behavior is that the negotiator needs to understand the purpose with the negotiation. It is also important that the negotiator understands the technical solutions, to be able to explain the solutions in a clear manner for the counterpart. The correlation between intercultural understanding and commercial behavior is that the negotiator needs to understand how to negotiate terms and conditions as well as the differences in culture to avoid failures and misunderstandings. Last, the correlation between intercultural understanding and social behavior is that the negotiator needs to understand his place in the social network, in order to conduct a business negotiation. The negotiators also need to put themselves in other people’s situation and not take for granted that people know what they know. In addition, it is important for the negotiator to understand how the social network of other cultures works, to be able to get access to these networks.

5.2 Company 2
The respondent is the founder and CEO of a consulting agency that consults big companies about their operations regarding establishing business in foreign markets. He is 63 years old and is stationed in Sweden. He has experience from working and negotiating with Italian, Japanese and Chinese companies. The company is a single entity.
5.2.1 Cultural Intelligence

The first part of Cultural Intelligence refers to intercultural engagement. In the following quote, we can see that good relationships are important for the motivation and self-improvement on both a personal and professional level:  “To create good relationships, personally it is very important it is part of developing myself.” From this statement, we can see that the business negotiation process is not only about knowledge but also about building relationships. In addition, when conducting business with Chinese companies, it is important to build a relationship with the Chinese counterpart. The respondent says that:  “You have a word Guanxi in Chinese, which means that you have an indebtedness.” Furthermore, the respondent states that it is possible to use this indebtedness when conducting business in the Chinese culture. In addition, Guanxi is personal and the negotiator needs to treasure it well otherwise it will disappear. The negotiator can treasure Guanxi by giving small gifts. According to the respondent, there is a risk in giving too expensive gifts to the counterpart, since it can be very easy to fall into the trap of corruption. Instead, the respondent suggests that the negotiator should build long-term relationships and allow trust to grow in the relationship.

When talking about emotions there are some emotional pitfalls that the negotiator should be aware of and one is anger. The respondent says that if the negotiator shows any signs of anger during the face-to-face negotiation, this can ruin not only the business deal but also the relationship and, consequently, it can take up to 20 years to fix a damaged relationship. To create a personal relationship, one way of doing this is to ask questions about the counterpart’s personal life, but not too much since there needs to be a very strict line between the professional and the private relationship. For example, by giving small gifts the negotiator can create goodwill, which can be collected later in order for the negotiator to be successful in the business relationship. The respondent states that it is important that the negotiator is engaged, and knows what he can offer the counterpart. This reasoning indicates that structure is an important part of the business negotiation process. Sometimes the respondent experiences the situation as embarrassing, for example, when the respondent notices that he and his counterpart are too far away from each other when it comes to the price; and because of this are stuck in the business negotiation process. In addition, the respondent states that the important thing is that he can solve the situation in a diplomatic way, through being a little
diffuse, like the Chinese saying: “May I think it over.” Even if the negotiator has experienced the negotiation as negative, the respondent finds that the negotiator can turn this situation into a good experience, and can result in a deepened relationship. According to the respondent, the best thing that can happen is that there is a problem when revising the contract. Communication is an important factor when the counterparts are stuck in the negotiation, and is the connection that enables the matter to be solved. According to Plum (2008), emotions belong to intercultural engagement as part of Cultural Intelligence:

“The engagement dimension in cultural intelligence is about the emotional aspect of the situation.” (p. 23).

The second part of Cultural Intelligence refers to intercultural communication. According to the respondent the negotiator can communicate through psychical meetings, phone and email, which are getting more and more common today. At the same time, it is important to choose a communication method that will suit both counterparts. In addition, when negotiating in foreign markets it is important to have a business counselor, since this person can help with the translation and has great knowledge about the technical aspects of the product. In one way or another, the business counselor helps the negotiator to secure the communication process.

Furthermore, the respondent states that it is very difficult to know if you speak to the right person that can make a decision in the matter. This can be a problem because the person that the negotiator talks to at the Chinese company might have a problem saying no; instead, the person says: “No problem” which can lead to delays and misunderstandings in the business negotiation process. Another aspect of communication is that the respondent thinks it is important to find out, which person has the most power in the business relationship by assessing what kind of knowledge the counterpart has, and if the tone of the discussion is positive or negative. It is important to be excessively clear and pedagogical; this helps when the negotiator notices that the counterpart has problems, for example, when unpleasant questions occur during the negotiation. The signs that the counterpart feels uncomfortable are likely to be of non-verbal nature. One example that can be connected to the signs of uncomfortable reactions is when the negotiator finds the other counterpart in an uncomfortable situation; the respondent suggests that first the negotiator should think about how he has expressed himself, either through verbal or non-verbal communication. In this
context, the respondent mentions conscious and unconscious communication. According to Plum (2008), conscious and unconscious communication belongs to intercultural communication as part of Cultural Intelligence: “Cultural understanding is the knowledge and mental dimension of Cultural Intelligence.” (p.26).

The third part of Cultural Intelligence refers to intercultural understanding. When communicating in the negotiation, it is important to communicate the message in some way and to be able to do this, there needs to be an understanding of the process of interaction. To be able to negotiate the counterparts need to have an understanding of themselves, their competence and their product. According to the respondent, it is important to have as much knowhow of the other counterpart as possible and points out that the negotiator needs to understand both counterparts’ purpose with the business negotiation. In addition, the respondent points out that it is also important to know who is to speak and to decide where the negotiator stands in the business negotiation process. The respondent also points out the fact that it is important not to judge people by their linguistics skills and says that just because the Chinese have a poor linguistic understanding; this does not mean that they have a poor expertise when it comes to the business negotiation process. The respondent mentions that he has an experience of companies putting too much emphasis on the linguistic part and if that is not working out for the counterpart, many companies automatically assume that that the rest of the counterpart’s skills are equally poor. In this context, the respondent shows an understanding for the different stages of the business negotiation process. According to Plum (2008), understanding belongs to intercultural understanding as part of Cultural Intelligence: “It involves verbal and non-verbal communication.” (p.29).

The respondent claims that the negotiator must have an open mind in order to have a better understanding for his and other cultures. This is crucial in order for the counterparts to meet in the business negotiation process. One thing that the respondent has noticed with Swedish sales people is that it is important for the Swedish purchaser to understand how he can gain benefits in the business negotiation process. Also by having a business counselor this person can help the negotiator to better understand the business negotiation process, not only because of his linguistics skills but also by his understanding of the technical aspects and his ability to
transfer that knowledge. The business counselor does this in a correct linguistic way by interpreting non-verbal communication in the business negotiation process.

5.2.2 The Business Negotiation Process

The first part of the Business Negotiation Process refers to technical behavior. According to the respondent, it is important that the negotiator knows what it is that he can offer and what he wants and expects from his counterpart. This involves having good knowledge about the product and when it comes to the price, it is important to consider the world price on the market and from this price; the negotiator will be able to know if his counterpart’s price seem reasonable. Furthermore, the respondent states that it is good to be aware of problems that the counterpart might have with the product. In that way, it can help solving the counterpart’s problem when offering the product. Also in this context, the respondent mentions that there is always a high bargaining margin, when it comes to the initial price in the Chinese price setting. According to Dadfar (1988, 1990) technical behavior refers to the way that technical specifications and standards are developed and discussed. According to the respondent, there are benefits to gain, by having good technical knowledge of the product. In relation to Dadfar’s definition for technical behavior one can say, that having good technical knowledge of the product helps when it comes to the negotiation situation, in terms of discussing and solving any problems, with the product being discussed.

The second part of the Business Negotiation Process refers to commercial behavior. The respondent states that it is important to agree on an agenda and prepare primary and secondary goals that are to be discussed in the business negotiation process. According to the respondent one important preparation is to visit the company on location and is a good way to gather information that later can be used during the face-to-face negotiation.

In addition, the respondent claims: “In China there is also a manager that needs to sanction everything.” From this statement, we can see that this can be a disturbing feature in the business negotiation process. Possibly explanations for this could be that the business negotiation process takes time and at the same time it is difficult to know who this person is. Furthermore, the respondent suggests that it is important to be well prepared and gather as
much information as possible about the counterpart, before the face-to-face negotiation takes place. Also in terms of organizational structures, the Chinese and the Swedish companies differ. The main difference is that Chinese companies are huge and the jobs are divided. For example, a Chinese company can have an engineer that knows about the technical aspects of the product and one sales person. In Swedish companies, one person can be both the engineer and the sales person within the company. Consequently, this indicates that the business negotiation process takes time. In addition, the respondent says: “The Chinese do not want to lose their face, so they are not going to say no, but instead no problem.” From this statement, we can see that it is important to be aware of the different means of communication, especially when it comes to the non-verbal signs of the counterpart. Nevertheless, as the counterparts get to know each other, the social behavior changes into a more trustworthy and friendly relationship. According to Dadfar (1980, 1990) commercial behavior is demonstrated in price preference and bargaining, contracting, payment, financial and delivery terms and so on. From the statement made by the respondent we can see an indication that the Chinese government determines and has influence on the financial terms of the business negotiation process.

The third part of the Business Negotiation Process refers to social behavior. The respondent states that: “In the business negotiation process you need to have knowledge about yourself, your offer and your competence.” From this statement, we can see that it is important to interact socially with other people. In addition, the respondent says that when it comes to the actual face-to-face negotiation, it is indicated that the technology has changed the way of how people interact socially. Another indication could be that the distance and the language together transform the social interaction into a non-verbal communication. At the same time, the technology makes it more difficult for this non-verbal communication to be interpreted and deduced in non-verbal way. In this context, the respondent states that: “If you do not have a direct relationship you have to make sure that you are introduced or that you have created a relationship.” From this statement, we can see that a social relationship can be of great help in the business negotiation process. At the same time, the social behavior can create some benefits in the business negotiation process, meaning that the negotiator is likely to achieve success in the different stages of the business negotiation process. Consequently, the social network has an influence on the business negotiation process.
Guanxi is a concept in the social network of the Chinese culture. Guanxi is a concept that has to do with relationships and how to maintain and benefit from these relationships. The concept of Guanxi describes dynamic relationships in complicated personal networks that are affected by social relationships and is a central concept in the Chinese society. In addition, Guanxi is personal and can be maintained by giving small gifts. According to the respondent, Guanxi is something that cannot be sold because it is personal. From this statement, we can see that it is possible to use Guanxi during the business negotiation process and gain trust and benefits from these types of relationships. It is also indicated that Guanxi is personal and cannot be sold.

In a Chinese culture, it is very inappropriate to show any signs of anger. The respondent says that if the negotiator shows any anger or frustration, the Chinese counterpart will interpret this as that the counterpart has non-sustainable arguments. Furthermore, the respondent points out that it is also important to be familiar with a country’s social hierarchy. The difference between China and Sweden is that in China, people have higher hierarchies in comparison to the lower hierarchies in Sweden. Therefore, if the counterpart does not understand this it will have consequences for the business negotiation process. One example could be that a blue color worker in China should not talk with the top manager about his professional problems but instead has to talk to his closest supervisor. In Sweden, the blue-collar worker can usually talk directly to his top manager and address the manager with his first name. In addition, in China the blue-collar worker must address the top manager with his title and the last name. The respondent states that compared to the Chinese counterparts the Swedish counterparts are naive in putting their trust in contracts and institutions. This indicates that it is not possible to trust that the Chinese counterpart will honor the contract. Furthermore, it indicates that the Swedish counterpart should not trust the Chinese institutions. According to Dadfar (1988, 1990) social behavior refers to the establishment of trust and confidence, patterns of communication, the way that personal contacts are made, preference for the media of communication, attitudes toward social institutions (i.e. family, tribe and friends). Once again, we see the importance of creating a social relationship with the other counterpart. There is also an indication that face-to-face contacts are preferred but at the same time, we
can see an indication that language in combination with distance determines the media of communication between the counterparts.

5.2.3 Influence

The first part of Cultural Intelligence refers to intercultural engagement, which correlates with social behavior and commercial behavior of the business negotiation process. The correlation between intercultural engagement and commercial behavior is that the business negotiation process takes time. The correlation between intercultural engagement and social behavior is that it is important to build long-term relationships, and that the negotiator has to be very engaged in the business negotiation process as well as having a clear purpose.

The second part of Cultural Intelligence refers to intercultural communication, which correlates with technical, commercial and social behavior. The correlation between intercultural communication and technical behavior is that the negotiator must be able to communicate the knowledge of the product. The correlation between intercultural communication and commercial behavior is that the negotiator must be able to communicate different aspects regarding terms and conditions, either in a verbal or non-verbal way. The last correlation between intercultural communication and social behavior is that social behavior cannot exist without any means of communication and a way of interpreting the communication.

The third part of Cultural Intelligence refers to intercultural understanding, which correlates with technical, commercial and social behavior of the business negotiation process. The correlation between intercultural understanding and technical behavior is that the negotiator needs to understand what he wants and can offer the counterpart. At the same time, it is important that the negotiator understands the technical solutions of the product and is able to explain the solutions in a clear way for the counterpart. The correlation between intercultural understanding and commercial behavior is that the negotiator needs to be able to understand how to negotiate regarding different terms and conditions as well as differences in cultures in order to avoid failures and misunderstandings in the business negotiation process. Last, the correlation between intercultural understanding and social behavior is that the negotiators
need to understand their place in the social network in order to conduct a business negotiation. There is also need for the counterparts to put themselves in other people’s situations and not take for granted that people know what they know. Furthermore, it is important for the negotiators to understand the social networks of other cultures, to be able to get access to these networks.

5.3 Company 3
The respondent is the founder and purchaser of a constructions retailer in Sweden. He is 40 years old and is stationed in Sweden. He has experience from working and negotiating with Indonesian and Chinese companies. The company has 18 employees in Sweden and 100 employees in Indonesia.

5.3.1 Cultural Intelligence
The first part of Cultural Intelligence refers to intercultural engagement. According to the respondent there needs to be a friendly atmosphere all the way through the business negotiation process: “I am fast to point out that I want it to be a friendly atmosphere. I like to negotiate so I think it influence the negotiation in a positive direction.” From this statement, we can see that a personal interest can have a positive influence on the business negotiation process. Furthermore, the respondent explains that Swedish negotiators many times have an aggressive way of portraying themselves and that this can have devastating consequences when negotiating with Chinese people. According to the respondent the Chinese people would rather starve than lose their face, and that the Chinese people are very proud. On a personal level, the respondent has a personal interest in getting to know other cultures and to learn more about these cultures, which can be of great help when conducting business with other cultures. Also for the respondent, it is important to create a good atmosphere in order for the respondent to have a good outcome of the business negotiation process. According to Plum (2008), emotions belong to intercultural engagement as part of Cultural Intelligence: “The engagement dimension in cultural intelligence is about the emotional aspect of the situation.”(p.23).
The second part of Cultural Intelligence refers to intercultural communication. The respondent says that: “You have to show in different ways, through writing and calculating on paper, what our margins are in Sweden.” From this statement, we can see that it is important for the respondent to communicate in a very clear way. Furthermore, the respondent mentions that the Asian negotiators have an education equivalent of the Swedish third and fourth grade. Instead, the Asian negotiators have a practical education, learning the trade at home, or at the family factory. Furthermore, it is good to have an interpreter present at the face-to-face negotiation to avoid linguistic misunderstandings. The interpreter helps with interpreting both the verbal and non-verbal communication and can be of great help when conducting business in other cultures. The respondent also mentions that it is important to reserve time for discussing both personal and professional matters. When the counterparts discuss personal matters, the counterparts usually talk about the family and big political events that have influenced their lives. Discussing personal matters can be a good way for the counterparts to maintain the relationship, build trust, and show mutual respect. Furthermore, the respondent says that it is inappropriate to show non-verbal signs such as anger and frustration because this will create a bad environment, resulting in a possible suspension of the business negotiation process. In this context, the respondent mentions conscious and unconscious communication. According to Plum (2008), conscious and unconscious communication belongs to intercultural communication as part of cultural intelligence:

“Cultural understanding is the knowledge and mental dimension of cultural intelligence.” (p.26).

The third part of Cultural Intelligence refers to intercultural understanding. The respondent says that to be able to understand the counterpart: “You have to read and understand his level. They do not explicitly express if they do not understand. It is advised to have paper, pen and calculator.” From this statement, we can see that there can be easy ways for the negotiator to make himself understood in the business negotiation process. At the same time, there is also a danger in not understanding the counterpart because it may very easily lead to misunderstandings in the communication process. When talking about this the respondent seemed very humble when considering the fact that, they did not have any substantial formal education. This indicates that the respondent likes to negotiate and that he sees the negotiation as a win-win situation.
According to the respondent, it is important to have an understanding for that Chinese people are very proud of their working skills. If the negotiator does not understand this, it is likely that he will lose deals because he does not think that the Chinese people are competent in what they are doing. In addition, the respondent mentions that the Chinese might not have good academic skills but on the other hand are very good at the practical way of doing things. Another important aspect of intercultural understanding is that the negotiator needs to understand the ethical values of the counterpart’s culture. An understanding for these ethical values can help the negotiator to communicate in the right manner during the business negotiation process, possibly preventing the loss of the deal. Furthermore, the respondent says that it is also important to understand the concept of face because the Chinese counterpart rather loses the deal than his face. It is crucial to have an understanding of the counterpart’s culture when doing business with other cultures. In this context, the respondent shows an understanding for the different stages of the business negotiation process. According to Plum (2008), understanding belongs to intercultural understanding as part of Cultural Intelligence: “It involves verbal and non-verbal communication.” (p.29).

5.3.2 The Business Negotiation Process
The first part of the Business Negotiation Process refers to technical behavior. The respondent states that: “The downside is that it is a totally different culture and that they do not understand the use of the product. This results in a faulty product with bad material.” From this statement, we can see that it is important to have good technical knowledge about the product and be able to explain the use of the product, in order to avoid misunderstandings that lead to overall bad quality and failure of the product. The respondent gave an example of this and mentioned that when he ordered a: “mullioned window” and when it later arrived one of the holes in the window did not have any glass. The respondent travelled to the factory in China and asked the manager why this had occurred. The manager answered by saying that he thought it would be nice to have some ventilation (fresh air being able to come through). Consequently, the manager was not familiar with the Swedish climate and that we in the southern parts of Sweden can have twenty degrees below zero. According to Dadfar (1988, 1990) technical behavior refers to the way that technical specifications and standards are
developed and discussed. From the statement made by the respondent we can see an indication that being able to communicate about the product is an important factor. Not only is this important in order to explain the purpose of the product, but also to improve the business relationship with the counterpart and avoid any potential misunderstandings.

The second part of the Business Negotiation Process refers to commercial behavior. The respondent has one philosophy that when: “The margins are good enough, he does not have to bargain to the last penny.” From this statement we can see that is not always necessary to push the margins to the limit, but on the contrary it can be good for the future relationship between the counterparts and the business negotiation process. The respondent also says that it is important for Chinese people to feel that they have gotten benefits from the negotiation and this can be one way of showing the Chinese counterpart respect. According to the respondent when it comes to face-to-face negotiations the negotiation is more about the price and not so much about the quality.

The respondent has experienced that: “Very few of our suppliers can write, read and calculate more than the third and fourth grade equivalent in Sweden.” From this statement, we can see that this is an issue in the business negotiation process. Possible explanations for this can be the time factor and difficulties in the communication between the counterparts. The respondent suggests that when conducting business with Chinese people, simplicity is advised in order for the counterparts to understand each other. According to Dadfar (1980, 1990) commercial behavior is demonstrated in price preference and bargaining, contracting, payment, financial and delivery terms and so on. From the statement made by the respondent we can see an indication that bargaining about financial terms in the negotiation situation, can have an influence on the future business relationship between the counterparts. This can be explained by the fact that if the financial terms can be considered as fair, there are benefits to gain in comparison to a win-lose situation. Thereby, the counterparts are also more likely to continue a business relationship in the future.

The third part of the Business Negotiation Process refers to social behavior. The respondent mentions that before going into a face-to-face negotiation it is important to begin in a less
formal way and indicates this in the following statement: “You should try to create a good atmosphere with some small jokes and little laughter before you begin.”

When comparing the Chinese culture with the Swedish culture the respondent states that Chinese people have a humble tone and are submissive in their nature, while Swedish people have a more dominant way of conducting business. As an example of this, the respondent mentions that Swedish people stare the Chinese people stodgily in the eyes, implying how tough the Swedish people are.

Another important aspect of the social behavior is that it is important to treasure long-term relationships meaning that the counterparts need to put effort into the relationship, in order for the relationship to work. The respondent says that personally, for him, it is interesting and exciting to meet the Chinese people and this is one drive of doing business within the Chinese culture. Also according to the respondent, the religion within the country that you negotiate with has a big influence on the social life. It is important to have knowledge and understanding of other people’s religion. Otherwise, it is likely to have a negative influence on both the social life and the business negotiation process. According to Dadfar (1988, 1990) social behavior refers to the establishment of trust and confidence, patterns of communication, the way that personal contacts are made, preference for the media of communication, attitudes toward social institutions (i.e. family, tribe and friends). From the statement made by the respondent we can see an indication that not only are social relationships important when discussing social behavior of the business negotiation process. Instead and as suggested, by Dadfar we can see that an attitude towards the other counterpart’s religion has influence on both the social life and on the business negotiation process.

5.3.3 Influence

The first part of Cultural Intelligence refers to intercultural engagement, which correlates with commercial behavior and social behavior of the business negotiation process. The correlation between intercultural engagement and commercial behavior is that a good atmosphere in combination with a high commitment can influence the business negotiation process in a positive direction. The correlation between intercultural engagement and social behavior is
that a personal interest in socializing with other people can have a positive influence on the business negotiation process.

The second part of Cultural Intelligence refers to intercultural communication, which correlates with technical, commercial and social behavior of the business negotiation process. The correlation between intercultural communication and technical behavior is that the negotiator must be able to communicate the purpose of the product in order to avoid bad quality of the product. The correlation between intercultural communication and commercial behavior is that the negotiator understands and can communicate terms and conditions of the written contract. The correlation between intercultural communication and social behavior is that the negotiator must be able to communicate in a social context.

The third part of Cultural Intelligence refers to intercultural understanding, which correlates with technical and commercial behavior of the business negotiation process. The correlation between intercultural understanding and technical behavior is that the negotiator must have an understanding of the business negotiation process in order to secure good quality of the product. The correlation between intercultural understanding and commercial behavior is that the negotiator must be able to read and understand the counterpart’s level of education, in order to secure a good business negotiation process.

5.4 Analysis of all companies together

5.4.1 Demography

As we can see in the analysis of the interviews conducted with our respondents it is important to match the age and title of the negotiators when conducting business negotiations with Chinese companies. This is explained by the respondents as: “Knowing the hierarchy of the counterpart’s culture.” Here we see an indication that age does not influence the business negotiation process, if age and title are matched. However, it can be offending if the counterparts are not in the same age or have similar titles. When it comes to gender, we could only find male respondents for our interviews so we could not make any analysis regarding this demographic factor. Furthermore, it is indicated that formal education does not have any
influence on the business negotiation process; instead, we could see that practical experience has an influence on the business negotiation process when conducting a cross-cultural business negotiation.

5.4.2 Cultural Intelligence
The first part of Cultural Intelligence refers to intercultural engagement. As we can see from table 5.2, intercultural engagement correlates with commercial and social behavior of the business negotiation process. If we look at all three interviews, we can see motivation as a line of argument; this is a key factor in the business negotiation process. The second similarity that we can see is that all three respondents are talking about the importance of creating a good atmosphere, and in combination with high engagement can influence the business negotiation process in a positive direction. The third similarity that we can find is that the business negotiation process takes time. According to the respondent of company two, it was important to have an open mind when negotiating. The respondents of company one and three did not mention this. A possible explanation that the other two respondents did not mention that an open mind is important, is that they do not have as much experience from different industries as respondent number two, and therefore are not used to the amount of adaption needed when doing business with industries. According to Plum (2008), emotions belong to intercultural engagement as part of Cultural Intelligence: “The engagement dimension in cultural intelligence is about the emotional aspect of the situation.” (p.23).

The second part of Cultural Intelligence refers to intercultural communication. As we can see from table 5.3, intercultural communication correlates with technical, commercial and social behavior of the business negotiation process. The fourth similarity that we found was that the negotiator must be able to communicate the knowledge of the product; the communication is formal in the beginning and as the relationship deepens, the technical aspects of the products terms and conditions can be discussed in a less formal way. The fifth similarity that we found was that communication skills are vital in order to understand the technical aspects of the business negotiation process. In addition, the respondents use an interpreter in order to secure both the verbal and non-verbal parts of the communication. We also found that structure is an important factor in the business negotiation process. Nevertheless, when conducting business
with different cultures there are different ways of structuring the business negotiation process. It is important to find a common structure for the business negotiation process in order to make the process more effective. Furthermore, the correlation between intercultural communication and social behavior is that intercultural communication influences the social behavior through formal and informal communication as well as verbal and non-verbal communication. It is indicated by the respondents that when interacting with other people, the development of social constructs occur. In addition, it can be very helpful to have an interpreter present during the face-to-face negotiation. Also according to the respondent of company two, it is vital to have a business counselor instead of an interpreter during the face-to-face negotiation. Reasons for this are that the business counselor can help the negotiator in understanding the technical aspects of the product. Reasons for why this was not mentioned by the other respondents could be that the respondents in the other companies are not familiar with what a business counselor is or use interpreter as a synonym for both business counselor and interpreter. In this context, the respondents mention conscious and unconscious communication. According to Plum (2008), conscious and unconscious communication belongs to intercultural communication as part of cultural intelligence: “Cultural understanding is the knowledge and mental dimension of cultural intelligence.” (p.26).

The third part of Cultural Intelligence refers to intercultural understanding. As we can see from table 5.4 this correlates with technical, commercial and social behavior of the business negotiation process. According to the respondents, it is important to have knowhow about the other counterpart since both counterparts might have different culturally bound solutions to the problem. For example, when the Swedish negotiator asked the Chinese negotiator to make a window; when the window was later delivered there was no glass in it. This shows that either the Swedish negotiator failed in explaining the Swedish climate conditions, or the Chinese negotiator failed in getting knowhow or understanding about the Swedish climate conditions. Furthermore, the respondents state that it is important to be well prepared in the technical presentation of the product and consequently, it gives an overall good impression in the business negotiation process. Also during the face-to-face negotiation, it is advised by the respondents that the negotiator should not show any signs of anger during the business negotiation process. Reasons for this are that signs of anger lead to failure in the commercial behavior and part of the business negotiation process.
Another important factor is respect and this must be shown at all times during the business negotiation process. This will lead to mutual benefits and a good negotiation situation for both counterparts. Furthermore, to have an understanding of how the concepts of Face and Guanxi influence the commercial behavior of the business negotiation process is one way for the Swedish counterpart to show the Chinese counterpart respect. The correlation between intercultural understanding and social behavior is that the negotiator should never express anger in any form; this ultimately leads to failure in the business negotiation process. In addition, it will be difficult for the negotiator in the future to do business with the counterpart, due to humiliation and loss of face in the business negotiation process. Preparation and knowhow about the counterpart are two important aspects of social behavior. Preparation and knowhow about the counterpart can help the negotiator to avoid misunderstandings of each other’s cultures. According to the respondents of company one and two, the giving of gifts is important in the commercial and social behavior of the business negotiation process. Nevertheless, the respondents of company three did not mention this. One explanation for his could be that the respondent mostly has done business with Indonesian people instead of Chinese people, for whom the concept of giving gifts is central.

Furthermore, the respondents of company one and two say that it is difficult to know who you negotiate with. The respondent in company three did not mention this. One possible explanation for this could be that the respondent has not experienced such a situation and that is why he does not see this as a problem. In addition, the respondents of company one and two mention power dependency as part of intercultural understanding. The respondent in company three did not mention this. One reason for this could be that when the respondent started his company he had a partner that already had established business relationships in Indonesia. Because of the established relationships, the respondent and his partner experienced lower rate of power dependency. When it comes to solving problems for the other counterpart, the respondent of company two was the only respondent mentioning that problem solving has an influence on the technical and commercial behavior of the business negotiation process. The respondent in company two has worked with both sales people and purchasers, which allows him to have different perspectives in the business negotiation process. The respondents of company one and three did not mention this. According to the respondents of company one and two, the Chinese government has influence on the commercial behavior of the business
negotiation process. Why the respondent of company three did not mention this could be that he has limited experiences from negotiations with China.

The respondents of company one and three mentioned that it is important to be familiar with the social hierarchy of the Chinese people, so that embarrassing situations can be avoided. This indicates that knowhow of the counterparts culture is important for the business negotiation process. According to the respondent of company three, negotiating about the price is more important than negotiating about the quality of the product. This correlates with the technical and the commercial behavior of the business negotiation process. One possible explanation for this is that the respondent is active within one manufacturing industry. In this context, the respondents show an understanding for the different stages of the business negotiation process. According to Plum (2008), understanding belongs to intercultural understanding as part of cultural intelligence.

5.4.3 Business Negotiation Process
The first part of the Business Negotiation Process refers to technical behavior. Overall, the respondents agree on that an interpreter helps in understanding the technical aspects of the product, by translating the language. The respondents of company one and three did not mention business counselor, but during the interviews, the respondents talked about an interpreter. Possible explanations could be that the respondents of company one and three think that a business counselor and interpreter are the same or that the respondents know about the concept but use an interpreter instead of a business counselor.

The respondent of company two is the only respondent explaining the differences between a business counselor and interpreter. He explains this in the following statement: “A business counselor has a totally different knowledge about the technical terminology; it is completely different from what you learn in a language course.” In addition, when discussing the technical aspects of a product, the respondents state that it is important to have good communication skills and have knowhow about the counterpart, as well as being prepared in the face-to-face negotiation. According to Dadfar (1988, 1990) technical behavior refers to the way that technical specifications and standards are developed and discussed. As we can see from the statements made by the respondents, a business counselor helps in discussing
technical specifications and standards. Nevertheless, all three respondents mention communication and preparation as two important factors, when discussing technical behavior of the business negotiation process.

The second part of the Business Negotiation Process refers to commercial behavior. Overall, the respondents have a good understanding for that a business negotiation takes time. In the beginning of the business negotiation process the negotiation is conducted in a formal way and as the relationship deepens, the negotiation becomes more informal. From this statement, we can see an indication that by creating personal relationships the negotiator can more easily solve problems that occur. For example if the negotiators agree on a fixed currency rate and the currency rate later changes, then it is easier for the counterparts to re-negotiate the contract since the relationship has deepened.

Overall, the respondents claim that an interpreter will help the negotiator in understanding the language. Furthermore, according to the respondents it is important that both counterparts show each other mutual respect and avoid showing any signs of anger or frustration during the business negotiation process. Finally, the respondents state that it is important to be well prepared and this includes having knowhow about the counterpart, in order for the counterparts to have a good outcome when it comes to the commercial behavior in the business negotiation process. It is also important to have knowledge about the concept of face in order not to offend the Chinese counterpart. According to Dadfar (1980, 1990) commercial behavior is demonstrated in price preference and bargaining, contracting, payment, financial and delivery terms and so on. As we can see from the statements made by the respondents, we can see an indication that bargaining and the establishment of personal relationships are two important factors. As soon as a personal relationship is deepened, there is likely to be a successful outcome because the counterparts get to know each other and learn to recognize the non-verbal signs of the counterpart. This is another important aspect to mention, when discussing commercial behavior of the business negotiation process.

The third part of the Business Negotiation Process refers to social behavior. When conducting business with Chinese counterparts it is vital to understand that a business negotiation process takes time and that the counterparts need to put effort into building good relationships. In the
beginning of the relationship, everything tends to be very formal but as the relationship deepens, the relationship gets more informal. In addition, the negotiators can use an interpreter to overcome the language barrier. Furthermore, it is important that the negotiator shows respect, by never showing any signs of anger or frustration towards the Chinese counterpart. In addition, it is important to be well prepared and have knowledge about the concepts of Face and Guanxi. In Guanxi, it is important to give gifts to the Chinese counterpart in order to maintain the relationship. During the interviews, the respondents of company one and two expressed that it is difficult to know whom you negotiate with and that power dependency has influence on the social behavior of the business negotiation process. The respondent of company three did not mention this, and one possible explanation could be that the respondent has limited experience when conducting business with Chinese counterparts. According to Dadfar (1988, 1990) social behavior refers to the establishment of trust and confidence, patterns of communication, the way that personal contacts are made, preference for the media of communication, attitudes toward social institutions (i.e. family, tribe and friends). As we can see from the statements made by the respondents, we can see an indication that trust, communication and attitudes towards the other counterparts culture, are all three present when building personal relationships. Trust, communication and attitudes can all three be related to Dadfar’s view on social behavior of the business negotiation process.

5.4.4 Final analytical discussion

From the statements made by the respondents, we can see that the more experience the respondent has in one type of industry, the more knowledge he has about the technical aspects of the product. This indicates that it is not necessary that the negotiator has a formal education, since practical experience is just as important in the business negotiation process. Another indication is that the experience from working in different types of industries can increase the knowledge of the business negotiation process, since respondent of company two showed an increased knowledge, when it comes to understanding the commercial behavior of The Business Negotiation Process.

In table 5.1 at the top row, we can see the three dimensions with their abbreviations of Cultural Intelligence. At the left side of the table, we can see the three dimensions with their
abbreviations of The Business Negotiation Process. The numbers represent the companies. For example, technical behavior (TB) correlates with intercultural communication (IC) and intercultural understanding (IU). We can see that we found indications of this in company one (1), two (2) and three (3). We can also see that we did not find any correlation between technical behavior and intercultural engagement (IE) in any of the three companies. If we look at social behavior (SB) we can see that social behavior correlates with intercultural understanding; however we only found indications of this in company one (1) and two (2).

Table 5.1 Correlation between Cultural Intelligence and the Business Negotiation Process

<table>
<thead>
<tr>
<th></th>
<th>Intercultural Engagement (IE)</th>
<th>Intercultural Communication (IC)</th>
<th>Intercultural Understanding (IU)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical Behavior (TB)</td>
<td></td>
<td>1, 2, 3</td>
<td>1, 2, 3</td>
</tr>
<tr>
<td>Commercial Behavior (CB)</td>
<td>1, 2, 3</td>
<td>1, 2, 3</td>
<td>1, 2</td>
</tr>
<tr>
<td>Social Behavior (SB)</td>
<td>1, 2, 3</td>
<td>1, 2, 3</td>
<td>1, 2, 3</td>
</tr>
</tbody>
</table>

(Source: Own design 2009)

In Table 5.2, 5.3 and 5.4 we have divided the three dimensions of cultural intelligence and the three behaviors of the business negotiation process. At the left side of the tables, we have short statements made by the respondents of company one, two and three. Later, the statements have been categorized into one of the three dimensions of Cultural Intelligence: intercultural engagement, intercultural communication and intercultural understanding. In Table 5.2 the statements to the left belong to intercultural engagement (IE), in Table 5.3 the statements belong to intercultural communication (IC) and in Table 5.4 the statements belong to intercultural understanding (IU). The belonging is marked with the X symbol for each statement. For example we compared how “good relationships” influence the different parts of the business negotiation process: technical behavior, commercial behavior and social behavior. As we can see from Table 5.2, we found indications that good relationships have an influence on both commercial and social behavior of the business negotiation process. However, we did not find any indications that “good relationships” have influence on the technical behavior of the business negotiation process in any of the three companies.
Table 5.2 Correlation between Intercultural Engagement and the Business Negotiation Process

<table>
<thead>
<tr>
<th></th>
<th>Cultural Intelligence</th>
<th>The Business Negotiation Process</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>IE</td>
<td>IC</td>
</tr>
<tr>
<td>Personal interest influence motivation</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Good relationships</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>The business negotiation process takes time</td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

(Source: Own design 2009)
<table>
<thead>
<tr>
<th>Cultural Intelligence</th>
<th>The Business Negotiation Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>IE</td>
<td>IC</td>
</tr>
<tr>
<td>Forma**l in the beginning</td>
<td>X</td>
</tr>
<tr>
<td>Informal as the relationship deepens</td>
<td>X</td>
</tr>
<tr>
<td>Business counselor</td>
<td>X</td>
</tr>
<tr>
<td>Interpreter</td>
<td>X</td>
</tr>
<tr>
<td>Structure</td>
<td>X</td>
</tr>
<tr>
<td>Communication skills</td>
<td>X</td>
</tr>
<tr>
<td>Language</td>
<td>X</td>
</tr>
</tbody>
</table>

(Source: Own design 2009)
Table 5.4 Correlation between the Intercultural Understanding and the Business Negotiation Process

<table>
<thead>
<tr>
<th>Cultural Intelligence</th>
<th>The Business Negotiation Process</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>IE</td>
</tr>
<tr>
<td>Do not express anger</td>
<td>X</td>
</tr>
<tr>
<td>Respect is important</td>
<td>X</td>
</tr>
<tr>
<td>Knowhow about the counterpart</td>
<td>X</td>
</tr>
<tr>
<td>Gifts</td>
<td>X</td>
</tr>
<tr>
<td>Be well prepared</td>
<td>X</td>
</tr>
<tr>
<td>Difficult to know who you negotiate with</td>
<td>X</td>
</tr>
<tr>
<td>Power dependency</td>
<td>X</td>
</tr>
<tr>
<td>Solve the problem of your counterpart</td>
<td>X</td>
</tr>
<tr>
<td>The Chinese Government</td>
<td>X</td>
</tr>
<tr>
<td>Familiar with social hierarchy</td>
<td>X</td>
</tr>
<tr>
<td>Face and Guanxi</td>
<td>X</td>
</tr>
<tr>
<td>Negotiation about price not quality</td>
<td>X</td>
</tr>
</tbody>
</table>

(Source: Own design 2009)
6. Final Conclusions

In this chapter, we summarize the dissertation and draw the final conclusions. Furthermore, we evaluate our contribution in the field and reflect critically on our work. Finally, we indicate possible future research.

6.1 Summary of the dissertation

Business negotiations have been conducted for a long time during history. What is new is the concept of Cultural Intelligence that was created 2002 by P. Earley. Because of the increased global trade, there is a need for exploring what qualities a person needs, in order to have successful negotiations with other cultures.

Our purpose with this research is to see how the different dimensions of Cultural Intelligence correlate with The Business Negotiation Process. We reviewed the existing literature on the factors of Cultural Intelligence and The Business Negotiation Process and created a model. We used this model to test our findings in the qualitative interviews. We found an indication of influence between Cultural Intelligence and The Business Negotiation Process. In addition, we found an indication that it is possible to add two new dimensions to the concept of Cultural Intelligence.

6.2 Conclusions

After having conducted the interviews, we conclude that Cultural Intelligence has an influence on The Business Negotiation Process. In table 5.1, we can see the correlation between the different parts of Cultural Intelligence and The Business Negotiation Process. However, we found that intercultural engagement does not have any influence on the technical behavior of the business negotiation process. The reason for not finding this correlation might be that our interview guideline was weak, in terms of measuring the technical behavior, thus resulting in very little information about the technical behavior of The Business Negotiation Process.
Cultural Intelligence influences The Business Negotiation Process in various degrees by the common denominators intercultural engagement, intercultural communication and intercultural understanding. We also found indications that Structure and Power Dependency are two factors that influence The Business Negotiation Process. By applying structure to the business negotiation situation, it will be a smoother process. Structure also influences the level of Cultural Intelligence that the negotiator has. In addition, if the negotiator is able to structure his thoughts, he will also be able to explain the different parts of the business negotiation process in a better way and communicate in a smoother way. Power dependency influences foremost commercial and social behavior of The Business Negotiation Process, by the negotiator’s behavior.

6.3 Contribution
We have found two new dimensions within Cultural Intelligence: Structure and Power Dependency. The first dimension is structure and this dimension correlates with all parts of The Business Negotiation Process. The Second dimension is Power Dependency and this dimension correlates with commercial and social behavior of The Business Negotiation Process.

6.4 Self Criticism
During the research process we have realized some flaws in some parts of our study. The first flaw that we discovered was in our interview guideline. In the guideline, we had too much focus on Cultural Intelligence and unfortunately, we did not seem to catch the technical behavior of the business negotiation process to any largely extent. The second flaw that we became aware of was due to the lack of time, since we did not have time to analyze our fourth interview. The third flaw is that we failed in finding female negotiators and because of this were not able to measure if and how gender influences The Business Negotiation Process. Finally, we were unable to analyze the unconscious level of the respondents in time for deadline. Nevertheless, this should not affect our results to any largely extent, since we managed to include most of the unconscious communication in the analysis.
6.5 Future Research

In future research, researchers can develop the concepts of our contributions. Furthermore, the researchers can conduct interviews within one corporation and in their research consider two sides in a cross-cultural negotiation setting. Another suggestion for future research would be to conduct a similar research but with two other cultures. Then it would be possible to see if the researchers would reveal the same results. Furthermore, there are possibilities to conduct a quantitative study on the same research topic. In conclusion, one interesting idea is to gather all interviews that have been conducted in the same way, and from there be able to make statistical generalizations if Cultural Intelligence can be seen as a global phenomenon that can be helpful when conducting negotiations with other cultures.
References


Appendices

Appendix I Interview guideline in English

Demographics
D1. Gender of the respondent?

D2. Which position do you hold in the company?

D3. What kind of education do you hold?

D4. How many employees are you in the company?

D5. How old are you?

D6. In what country/s have you been stationed?

D7. How many foreign missions did you have in your career and where?
The Business Negotiation Process

F1. Can you describe the different steps in a business negotiation?

F2. Can you tell us about what experiences you have negotiating with different cultures?

F3. How do you prepare yourself before the main negotiation?

F4. Is there any difference negotiating with China compare to negotiate with Sweden?

F5. Can you describe the pros and cons with negotiating with China?
Intercultural Engagement

E1. What motivates you to negotiate with cultures other than your own?

E2. What kind of emotions can be present before, under and after the main negotiation? (Pride, taboos, power constructions, former experiences of each other and what kind of risks does the situation hold?)

E3. What role do emotions have during the negotiation?

E4. What kind of emotional pitfalls exist during the negotiation?

F5. Is there anything that can distract you during the main negotiation?

E6. In what way does the physical environment at the main negotiation affect you? (you, your counterpart, working environment etc?)

E7a. Do you have any personal interests in the business negotiation process?

E7b. If yes, describe the personal interests?

E7c. How do you think your personal interests influence the negotiation process?
E8. In what way do you think your level of engagement is affecting the business negotiation process?
Intercultural Communication

C1. Can you describe the different ways of communicating with your counterpart during the main negotiation?

C2. What is the first thing you notice that your counterpart does when you see each other at the main negotiation?

C3. What is the first thing you talk about at the main negotiation?

C4a. Can embarrassing situations occur during the main negotiation?

C4b. Why do you think embarrassing situations occur during the main negotiation?

C5. How do you think your way of communicating influence the negotiation process?
Intercultural Understanding

F1. What separates the Chinese from the Swedish culture?

F2. Can you give us your view of how the cultural differences influence the negotiation process?

F3. Is there any cultural behavior that can cause a conflict regarding your counterpart during the main negotiation?

F4. Can you describe what a cultural misunderstanding is?

F5. Can you describe the signs that you and your counterpart don’t understand each other during the main negotiation?

F6. How do you think your understanding of your counterpart’s culture influences the negotiation process?
Appendix II Interview guideline in Swedish

Demografii

D1. Vilket kön är respondenten?

D2. Vilken position har du i företaget?

D3. Vilken utbildning har du?

D4. Hur många anställda är ni i företaget?

D5. Hur gammal är du?

D6. I vilket land är du stationerad i?

D7. Hur många utlandsuppgift har du haft i din karriär och var?
Förhandlingsprocessen

F1. Kan du beskriva de olika stegen i en förhandling?

F2. Kan du berätta om vilka erfarenheter du har av förhandlingar med olika kulturer?

F3. Hur förbereder du dig inför en huvudförhandlig?

F4. Finns det något som skiljer förhandlingar med Kina jämfört med förhandlingar med Sverige?

F5. Kan du beskriva för respektive nackdelar med att förhandla med Kina?
Interkulturellt Engagemang

E1. Vad motiverar dig att förhandla med andra kulturer än din egen?

E2. Vilken typ av känslor kan figurera före, under och efter huvudförhandlingen? (stolthet, tabun, maktkonstruktioner, tidigare erfarenhet av varandra, vilka risker det finns i situationen)

E3. Vilken roll spelar känslor vid en huvudförhandling?

E4. Vilka känslomässiga fallgropar finns det vid en förhandling?

E5. Hur påverkas du av den fysiska miljön vid en huvudförhandling? (dig själv, övriga parter, arbetsmiljön etc?)

E6. Finns det någonting som kan distrahera dig under en huvudförhandling?

E7a. Har du vid en förhandling personliga intressen?

E7b. Vid jakande, beskriv de personliga intressena?

E7c. Hur tror du att dina personliga intressen påverkar förhandlingsprocessen?

E8. Hur tror du förhandlingsprocessen påverkas av din engagemangsnivå?
Interkulturell Kommunikation

C1. Kan du beskriva på vilka sätt du kan kommunicera med din motpart, vid en huvudförhandling?

C2. Vad är det första du lägger märke till att din motpart gör när du träffar honom inför en huvudförhandling?

C3. Vad är det första ni pratar om?

C4a. Kan det uppstå pinsamma situationer vid en huvudförhandling?

C4b. Varför tror du det förekommer pinsamma situationer vid en huvudförhandling?

C5. Hur tror du förhandlingsprocessen påverkas av din förmåga att kommunicera?
**Interkulturell Förståelse**

**F1.** Vad skiljer den Kinesiska kulturen från den Svenska?

**F2.** Kan du ge din syn på hur kulturella skillnader påverkar förhandlingsprocessen?

**F3.** Finns det något kulturellt beteende hos din motpart som kan skapa en konflikt vid huvudförhandlingssituationen?

**F4.** Kan du beskriva vad ett kulturellt missförstånd är?

**F5.** Beskriv vilka tecken det finns på att du och din motpart inte förstår varandra?

**F6.** Hur tror du förhandlingsprocessen påverkas av din förståelse av din motparts kultur?
Appendix III Table 5.5 Quotes from the respondents

**Negotiation Process**

<table>
<thead>
<tr>
<th>Company 1</th>
<th>Demography</th>
<th>Technical Behavior</th>
<th>Commercial Behavior</th>
<th>Social Behavior</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Education, Staff 7, Man, Founder/CEO, Age 60 yr old, Doctor Business administration, stationed: Sweden, worked towards England, Germany and China.</td>
<td>The advantages with negotiating with China, is that it gives a better position, in terms of that it become more difficult for other companies to copy, due to the distance between the countries… Then it is important to have a lot of knowledge about the product. Fördelarna med att förhandla med Kina är att det ger ett bättre läge, avseende att det blir svårare för andra företag att kopiera på grund av avståndet mellan länderna… Sen är det viktigt att ha mycket kunskap om produkten</td>
<td>In the beginning the Chinese tend to be very accurate with small details…it is always difficult in a negotiation situation to determine who you really negotiate with…It is important to consider that the Chinese government is always present. Kineser tenderar till en början att vara väldigt noga med små detaljer… det är alltid svårt i en förhandlingssituation att avgöra vem som man egentligen förhandlar med… Det är viktigt att tänka på att myndigheterna i Kina alltid är närvarande.</td>
<td>The formality decreases as we get to know each other… I think it is important to have empathy, that there needs to be a balance between empathy and apathy is important…The environment at the negotiation is to a large extent about showing each other mutual respect and to be professional in the treatment… Typical misunderstandings can be jokes. But to a large extent it is once again about that the language and the culture does not matter.</td>
<td>(Source: own design, 2009)</td>
</tr>
<tr>
<td><strong>Company 2</strong> Consulting Agency, Staff 0, Man, Founder/CEO, Age 63yr old, Mechanical Engineer, Stationed: Italy Japan China and Sweden.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Demography</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Technical Behavior</strong> And the first step to know is what I want or what I have to offer… has control of the cost. Och det allra första steget att känna till är vad jag vill ha eller vad jag vill erbjuda… ha kontroll på vad det kostar</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Commercial Behavior</strong> To put up primary and secondary goals… Get along with the one you negotiate with about an agenda… In Asia there is also a manager that needs to sanction everything… Never get angry at a sales person if he does not know the technical aspect. You have to give him time to collect the information… meet at neutral ground… The Chinese don’t want to lose their face, so They are not going to say no, but instead “no problem” Att sätta upp primära och sekundära mål… Komma överens med den man ska förhandla med om en agenda… i Asien också en Chef som måste sanktionera det hela… förbannad på en säljare om han inte kan det tekniska. Man får ge honom tid att införskaffa den här informationen… träffas på neutral mark… Kinesen inte vill förorda ansiktet, då säger han inte nej utan ”no problem”</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Social Behavior</strong> In the process you need to have knowledge about yourself, your offer and your competence… If you don’t have a direct relationship you have to make sure that you are introduced or that you created a relationship… Guanxi in Chinese that means that you have an indebtedness… never get angry at the business negotiation… we are used to body contact that is not appreciated in China… Understanding the language does not automatically say that you understand the culture and vice versa. i processen så är det att känna sig själv och sitt erbjudande och kompetens… Har man ingen direktkontakt så måste man se till att man blivigt introducerad eller skapat en relation… Guangxi på kinesiska som egentligen betyder att du har en tacksamhetsskuld… bli aldrig förbannad vid en förhandling… vi är ju vana vid kroppskontakt och det är inget som uppskattas i Kina… Det är inget som säger att en som förstår språket också kan kulturen och vise versa.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Source: own design, 2009)
<table>
<thead>
<tr>
<th><strong>Company 3</strong></th>
<th><strong>Demography</strong></th>
<th><strong>Technical Behavior</strong></th>
<th><strong>Commercial Behavior</strong></th>
<th><strong>Social Behavior</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Supplier, Staff 18 + 100, Man Founder/Partner/Purchaser, Age 40 yr old, Carpenter, Stationed: Sweden worked towards Indonesia and China.</td>
<td>The downside is that it is a totally different culture and that they don’t understand the use of the product. This results in a faulty product with bad material. Nackdelen är att det är en helt annan kultur och de förstår inte vad produkten ska användas till. Det resulterar i en undermålig produkt, dåligt gods.</td>
<td>The margins are good enough so you don’t have to bargain to the last penny. They must also feel that they have made a good deal… the negotiation is mostly about the price and only a little about the quality… Very few of our suppliers can write, read or calculate more than the third or fourth grade equivalent in Sweden… It is important to be simple and have an understanding of different ethical values. marginalerna är tillräckligt bra så man inte behöver krypa ner till den absolut sista kronan. Dem måste också känna att dem gjort en bra affär… så handlar förhandlingen mest om priset och lite om kvalitén… Det är ytterst få av våra leverantörer som kan skriva, läsa och räkna motsvarande årskurs 3 eller 4 i Sverige… det gäller att vara enkel och har en förståelse för olika etikiska värderingar.</td>
<td>You should try to create a good atmosphere with some small jokes and a little laughter before you begin… They are very proud people and you have to tread lightly. Put energy into the relationship… It is exiting to meet these people and to develop prototypes that we later look at together … You don’t conduct business showing a negative or aggressive behavior… cultural differences are religion that can be a big factor… If it is someone I know we talk about the events in the world. Man ska försöka skapa en god atmosfär med lite småskämt och lite skratt så där innan man börjar… De är väldigt stolta människor och man får gå försiktigt fram. Lägga tid på relationen… Det är ju spännande och få träffa de här människorna och att ta fram prototyper som vi sen kollar… Man gör inga affärer om man visar ett negativt eller aggressivt beteende… kulturella skillnader är ju faktiskt religionen som kan vara en stor faktor… År det någon jag känner, så pratar vi om vad som har hänt i världen.</td>
<td></td>
</tr>
</tbody>
</table>

(Source: own design, 2009)
## Cultural Intelligence

<table>
<thead>
<tr>
<th>Demography</th>
<th>Intercultural engagement</th>
<th>Intercultural Communication</th>
<th>Intercultural Understanding</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Company 1</strong></td>
<td>Academic Education, Staff 7, Man, Founder/CEO, Age 60 yr old, Doctor Business administration, stationed: Sweden, worked towards England, Germany and China.</td>
<td>In a way I have to be driven and motivated by performing for the company. As I see it, I need to be motivated in the line of duty. Satisfying the customer is also something that motivates me…I think it is important to have a balance between empathy and apathy. Jag måste på så sätt vara motiverad och driven av att göra ett gott jobb för företaget. Jag ser det som att jag är motiverad i tjänsten. Att tillfredställa kunden är också något som jag anser är motiverande… Jag tror att det är viktigt att ha empati, just att det måste finnas en balans mellan empati och apati.</td>
<td>This can lead to a number of formal correspondences… It can be difficult in the beginning to read your counterpart, but after meeting eight times it is easier to recognize the signals that lead to the conclusions that something is not right. vilket kan resultera i ett antal formella skiftväxlingar… i början så är det svårt att läsa av sin motpart men när man träffats åtta gånger så är det lättare att känna igen signaler som gör att man kan göra bedömningen att något inte står rätt till.</td>
</tr>
</tbody>
</table>

(Source: own design, 2009)
<table>
<thead>
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<tr>
<td><strong>Company 2</strong> Consulting Agency, Staff 0, Man, Founder/CEO, Age 63yr old, Mechanical Engineer, Stationed: Italy Japan China and Sweden.</td>
<td>To create good relationships, personally it is very important it is a part of developing myself… You have a word Guanxi in Chinese that means that you have a indebtedness… You have to create goodwill and use it in relationships… Never get angry at the face-to-face negotiation. It is concaved that your arguments is not holding up any more… The best thing that can happen is that there is a problem when revising an agreement. In that process you can develop a much closer relationship. Just att skapa goda relationer, för mig är det väldigt viktigt det är en del i att utveckla mig själv… du har ett ord Guangxi på kinesiska som egentligen betyder att du har en tacksamhetsskuld… Man får ju skapa goodwill och använda den i relationer… bli aldrig förbannad vid en förhandling, det tolkas ofta som att dina argument inte håller längre… Det bästa som kan hända är att det uppstå problem i samband med inventering av ett avtal. I den processen kan man komma varandra mycket närmare.</td>
<td>Get along with the one you negotiate with about an agenda. You can negotiate through meeting, telephone and now days email… a business counselor that speak their language or. Yes, in some way you have to secure the communication process… The Chinese don't want to lose their face, so They are not going to say no, but instead “no problem” … The first thing I am trying to do, is deciding who is in charge. The knowledge you have and if you experience the discussion as positive or negative… What kind of indications do you get that the counterpart is not answering you correctly? Maybe I did not explain it in a correct way. Firstly seek the failure within yourself. Komma överens med den man ska förhandla med om en agenda. Förhandlingen kan gå till genom möte, telefon och numer är det vanligt att den sker genom mail… en affärsrådgivare som talar deras språk eller. Ja, på något sätt måste man säkerställa kommunikationsprocessen… Kinesen inte vill förlora ansiktet, då säger han inte nej utan ”no problem”… jag försöker för det första göra klart vem det är som bestämmer. Vilka kunskaper man sitter på och om man upplever diskussionen som positiv eller inte… Hur märker du om de inte svarar korrekt? Jag kanske inte förklarat på ett bra sätt. Sök först felet hos dig själv… In the process you need to have knowledge about yourself, your offer and your competence… It is crucial to know who is controlling the speech… I make sure that I am well prepared and I find out as much as possible about the counterpart before we sit down at the negotiating table… A business counselor have a greater knowledge about the technical terminology, it differs completely from taking a language course.</td>
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(Source: own design, 2009)
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<tr>
<th>Demography</th>
<th>Intercultural engagement</th>
<th>Intercultural Communication</th>
<th>Intercultural Understanding</th>
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<td><strong>Company 3</strong> Building Supplier, Staff 18 + 100, Man Founder/Partner/Purchaser, Age 40 yr old, Carpenter, Stationed: Sweden worked towards Indonesia and China.</td>
<td>I am fast to point out that I want it to be a friendly atmosphere… I like to negotiate so I think it influence the negotiation in a positive direction.</td>
<td>You have to show in different ways through writing and calculating on paper what our margins are in Sweden… The language is also a downside, it shall be interpreted and it misunderstandings occur… You communicate the body language and the verbal language through an interpreter.</td>
<td>You have to read and understand his level. They don’t explicitly express if they don’t understand. It is advised to have paper, pen and calculator… As I experience it they are very proud of their profession… It is important to be simple and have an understanding for different ethnical values.</td>
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Man får på olika sätt visa genom att skriva och räkna på papper visa vad vi har för marginaler i Sverige… Språket är även en nackdel, det ska tolkas och det blir missförstånd… Man kommunicerar med kroppsspråket och det verbala språket via tolk. | (Source: own design, 2009)
Appendix IV Breakdown of Cultural intelligence

(Source: own design, 2009)
Appendix V Breakdown of The Business Negotiation Process

The Business Negotiation Process (NF)

- Technical behavior (NP-TB)
- Commercial behavior (NP-CB)
- Social behavior (NP-SB)

(Source: own design, 2009)