Impact of Cross-cultural Differences on International Business Negotiations and Corresponding Strategies

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Abstract: *With the continuous deepening of China's reform and opening up and the intensification of economic globalization, political, economic and cultural exchanges between China and the West are increasing, and international business exchanges are developing rapidly. Understanding the cultural customs of Western countries and improving cross-cultural communication skills is very important for the Chinese government and enterprises, which would directly affect the effectiveness of business negotiations and economic cooperation, and thus affect the development of the national economy. Therefore, it is crucial to deeply analyze the impact of cultural differences between China and the West on international business negotiations, and propose corresponding measures to enhance the response capabilities of various economic organizations in international business negotiations, in order to promote the long-term development of foreign trade. This article explored the impact of cross-cultural differences on international business negotiations and corresponding strategies. Firstly, it discussed the concept of cultural differences, cross-cultural manifestations, and their impact on business negotiations. Finally, based on the analysis of cultural differences mentioned earlier, it proposed suggestions for avoiding cultural embarrassment in business negotiations.*

Keywords: *International Business Negotiation, Cross Cultural Differences, Response Strategies, Communication Disorder*

1. Introduction

Business negotiation and culture are closely linked. Business negotiation is a step in business operation, and culture is its lubricant. Different ethnic groups have different cultural backgrounds, resulting in cultural differences between them. Under different cultural backgrounds, there are significant differences in values, time awareness, attitudes, interpersonal relationships, and negotiation methods among employees in enterprises. In the negotiation process, it is necessary to combine cultural elements such as values, time concepts, and interpersonal relationships with negotiation skills and strategies, and integrate them into the company's development strategy and organizational structure, in order to more easily achieve the goal of cultural integration and benefit both parties.

Scholars have long conducted relevant research on cultural differences. Marina P. discussed the origin of systemic functional linguistics and semiotics, and their relationship, especially in oral and written applied professional discourse. He analyzed the use of systemic functional linguistics in three case study based on communication, semantic and nonverbal communication, and studied the impact on foreign language learning and teaching. He analyzed systemic functional linguistics and showed how to use it in the new communication methods of semiotics and UXD (User Experience Design) in English cross-cultural business communication. The results showed that in a globalized economy, systemic functional linguistics is an important tool for managing international cross-cultural communication and professional discourse, but the way of using discourse to convey meaning needs to be considered [1]. Hua Z reviewed the theoretical framework and research focus of cross-cultural communication research on "cultural differences" and group relationships. Given the challenges posed by the current COVID-19 pandemic and the increasing polarization in politics and society, he believed that there is a need to (re) focus on people's "differentiated behavior", which emphasizes and clearly delineates cultural differences. The concept of "differentiation", combined with the principles of communication Sociolinguistics and time analysis, can help people understand the dominant and dominated relationship of groups and the symbolic dimension of group formation [2]. Gong Y F

collected data through in-depth interviews and observations with 16 Chinese teachers from Hong Kong International School. Analysis showed that participants have multiple professional and socio-cultural identities related to teaching cross-cultural communication skills. Specifically, professional identity includes Chinese teacher identity and school staff identity, while social and cultural identity includes Chinese cultural inheritor identity, multicultural identity, cultural disseminator identity, cultural learner identity, and cultural bridge identity. Research has found that in teaching cross-cultural communication skills, these identities both compete and promote each other. Different identities are often associated with different understandings and methods of teaching cross-cultural communication skills. The research results indicated that language teacher educators need to recognize that teacher identity is an important teaching resource when cultivating language teachers for cross-cultural teaching [3]. Although the above studies provide a detailed introduction to cross-cultural communication, the impact of cross-cultural communication on international business negotiations is rarely addressed.

With the continuous promotion of economic globalization and integration, China's trade volume with countries around the world is constantly increasing, and economic and trade consultations between countries are also increasing. In international trade, business negotiation is a very important process, so in order to successfully conduct various business negotiations, it is necessary to have a deep understanding and study of the cultures between different countries, and on this basis, master corresponding negotiation skills. In this context, it is particularly important to understand and grasp the cultural differences between China and the United States in business negotiations. This article explored the impact of cross-cultural differences on international business negotiations and corresponding strategies, which can effectively help solve the problems encountered in current international negotiations.

2. International Business Negotiations and Cross-cultural Communication

2.1. Cultural Differences

Business negotiation exists as a special form of interpersonal relationship, which is influenced by many different factors, such as values, politics, economy, religion, and so on, as shown in Figure 1. These differences also affect different negotiators [4].

2.1.1. Differences in Values

Each cultural system has its own value system, but it does not necessarily mean that if this value system is good, then that value is bad. For example, the United States is such a culture where business negotiators only consider what they need [5]. In contrast, in enterprises like China, influenced by collective values, they place greater emphasis on interpersonal communication and collaboration [6].

2.1.2. Political Differences

Political differences are mainly manifested in the varying degrees of influence of factors such as political systems, laws, and regulations on human behavior, leading to people's lack of identification with political concepts [7]. Taking the United States and the United Kingdom as examples, the presidential power of the United States is constrained by two other major organs of power; however, in England, the queen only plays a symbolic role [8].

In international business negotiations, the different political systems possessed by both parties directly affect the outcome of the negotiations. Whether the ideological concepts of different countries are consistent and whether the relationships between countries are harmonious would affect the relaxed atmosphere in international business negotiations between countries. In addition, the differences in political system and culture are also reflected in the differences in social systems and political beliefs of both parties in international business negotiations. For both parties in international business negotiations who share the same or similar social system and political beliefs, they can demonstrate understanding and respect for each other in the process of international business negotiations, and can fully promote the spirit of mutual help and mutual assistance. During the negotiation process, both parties can maintain an open and honest attitude, without the need for overly complex negotiation techniques, and it would be easier to solve problems that arise during the negotiation. However, if there are significant differences in the social systems and political beliefs held by both parties in international business negotiations, it would inevitably lead to situations where one party adopts discriminatory economic policies, negotiation strategies, etc., against the other party, which would result in more restrictions on both parties in international business negotiations and increase the difficulty of

negotiations.

2.1.3. Economic Differences

There are many reasons for economic disparities. For example, some people have a lot of money and receive higher education, and they have higher requirements for quality of life and a sense of security. This type of negotiator not only needs to have a suitable price, but also needs to have good quality and good reputation. However, in the third world, especially in developing countries, their negotiators may not have received much education or knowledge of laws and regulations. They value price more than quality [9].

2.1.4. Religious Differences

Religion is a world that has been prevalent throughout history, represented by Western Europe and South America, dominated by religion, and dominated by religion. Different religions have different doctrines and cultural orientations [10]. If one knows nothing about religion or has preconceived notions, one should not say much about it, lest they become angry [11].
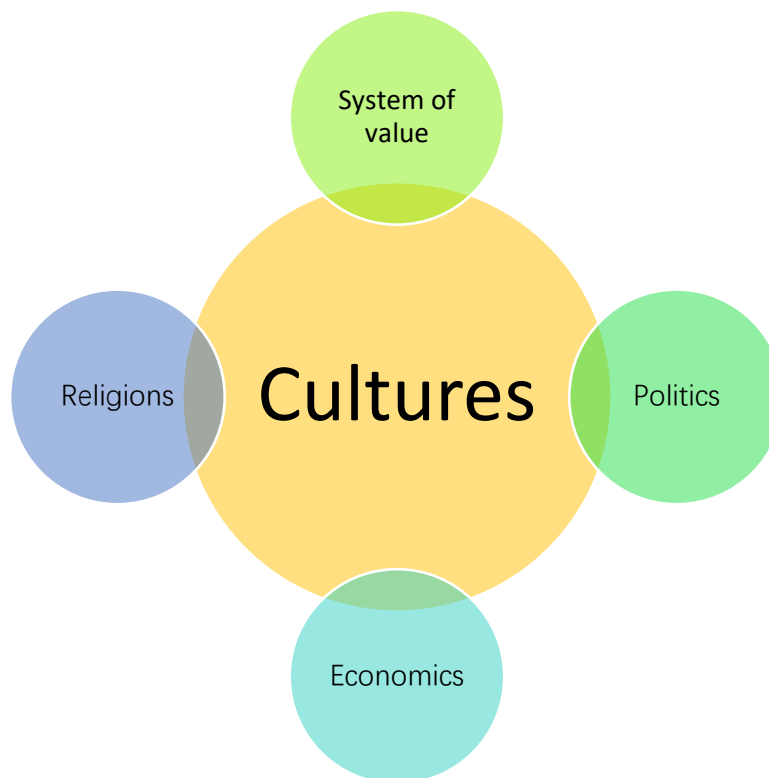

Figure 1: Elements of Cultural Differences

The manifestations of cross-cultural differences that affect international business negotiations are shown in Figure 2, with the following specific contents:

(1) Language behavior

The most common form of international trade is language exchange, and language problems that arise during communication are usually resolved through the use of translation or a common third language [12]. Language issues that arise in communication between both parties are usually resolved through translation or the use of a common third language. Even if one is familiar with a particular language of international communication, different cultural factors need to be taken into account when conducting business negotiations with different countries [13]. It is important to be aware of this, otherwise there is a risk of not being able to understand the negotiating party's message, thus jeopardizing the purpose of the trade negotiation.

(2) Non verbal behavior

In international trade negotiations, nonverbal means are equally important as verbal communication, but they are often not recognized [14]. Negotiators often transmit and receive a large amount of information through nonverbal and more subtle means, which is more important than verbal

information. If international partners send different nonverbal signals during the negotiation process and their cultural backgrounds are different, these signals are easily misunderstood and affect the normal progress of subsequent trade negotiations [15].

(3) Customs and customs

Customs and customs are a wide and common Social phenomenon, but they have profound cultural influence. Habits refer to individual or collective traditions, etiquette, and customs. They are behavioral patterns that residents of specific socio-cultural regions have been following for centuries [16].
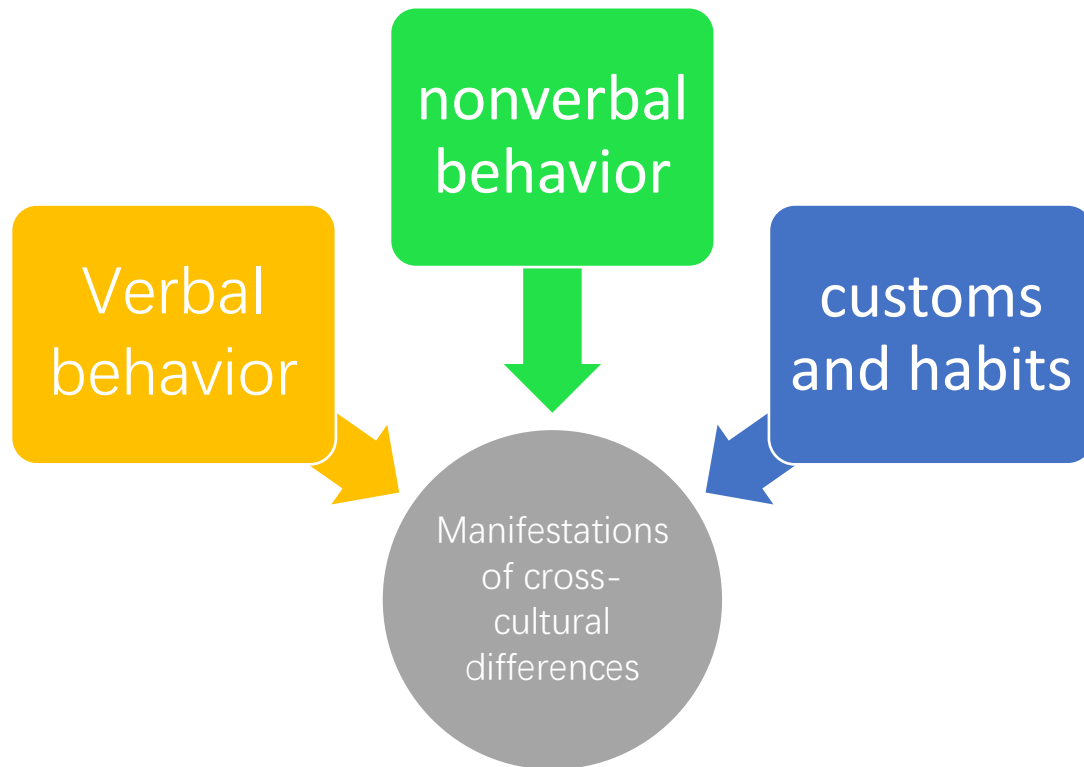

Figure 2: Manifestation of Cross-cultural Differences

2.2. Impact of cultural differences between China and the West on international business negotiations

2.2.1. Conflict between Relationship Thinking and Contract Spirit

The concept of "relationship" among Chinese people and the concept of "contract" among Westerners often conflict when engaging in cross-border commercial exchanges [17]. Many Chinese merchants, when going to Europe to discuss business cooperation, unconsciously feel that they need to establish good relationships with each other first, and only with a deep friendship can they have better development. Before forming a partnership, they were also adept at seeing it as support and assurance in negotiations. However, Western enterprises are too strict in the division of private relations and partnerships. In consultation and cooperation, they pay less attention to contractual arrangements and pay less attention to interpersonal relationships, which is likely to cause Communication disorder between enterprises, or even misunderstandings, and thus affect the negotiation and judgment of enterprises [18].

Due to cultural differences, negotiators from different cultural backgrounds have different ways of thinking. Thinking is the driving force of negotiation. Thinking has always played a role in international trade negotiations: for example, Westerners prefer objective, contradictory, and rational ways of thinking, while Chinese tend to adopt a bottom-up, unified, and imaginative way of thinking, as shown in Figure 3. For example, in the negotiation process of a company, when faced with complex issues, Eastern thinking focuses on general discussions of the problem and lacks a clear understanding of distribution order. In order to reach a common agreement, it often makes concessions and commitments on all issues until the negotiations are concluded. British and American people often break down a big problem into several small problems, such as price, delivery, meter warranty, and

maintenance, which have been discussed in their minds several times, one problem at a time. Throughout, both parties would make concessions and commitments, and the final contract consists of a series of agreements.
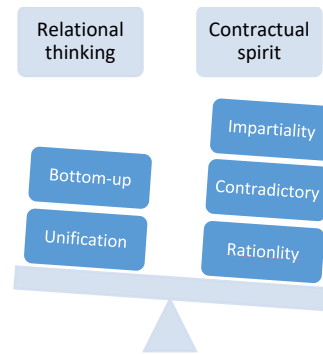

Figure 3: Conflicts between Chinese and Foreign Ideas

2.2.2. Conflict between Negotiation and Decision-making Methods

Due to differences in organizational work and thinking styles, Chinese and Western entrepreneurs and businessmen have different levels of attention and decision-making styles at different stages of business negotiations, and these differences often seriously affect the negotiation process. For example, at the beginning of negotiations, Chinese entrepreneurs or businessmen often believe that the first step is to create a relaxed and pleasant negotiation atmosphere, so the issues discussed mainly stay at the level of restraint. Westerners are usually in a work mode and state, and they do not pay attention to the negotiation atmosphere. Therefore, they often open up topics, which often leads to awkward negotiation environments [19]. When making decisions, every Western chief negotiator is usually the authorized chief. When making decisions, each chief negotiator in the West is usually given the power to make the final decision, while the Chinese negotiator still needs to report to their superiors or leave the decision for collective discussion after the negotiation, which often leads to inconsistent pace between the Chinese and Western negotiators, resulting in unexpected changes [20].

3. Suggestions for Managing Cultural Differences

Regarding the impact of cross-cultural communication on international business negotiations, this article proposes corresponding suggestions as shown in Figure 4, which are summarized as follows:

3.1. Facing Cultural Differences and Establishing Cross-cultural Negotiation Awareness

The above analysis indicates that cultural differences objectively exist in international trade negotiations, and trade negotiations are very important. Negotiators need to adapt to and respond to cultural differences, and adopt a tolerant attitude towards cultural differences in order to achieve good negotiation results. Therefore, in international business negotiations, when facing different negotiation styles, it is necessary to adapt to the other party's perspectives and use appropriate negotiation techniques to establish cross-cultural negotiation intentions. Only in this way can negotiations be successful.

3.2. Fully Prepared for International Business Negotiations

All negotiators hope to achieve success and be in a favorable position in the negotiations. It is important to be fully prepared for all the challenges that arise during negotiations. Compared to single cultural factors, cross-cultural factors increase the complexity of negotiation preparation, making the preparation work more complex and extensive. Before entering the negotiation, the negotiator must understand the other party's expectations and make accurate predictions. Negotiation preparation includes studying the negotiation environment, studying opponents, selecting negotiation candidates, establishing negotiation organizations, and managing negotiation organizations. Cultural differences must be taken into account in this regard. For successful international trade negotiations, any preparatory work is crucial.

3.3. Respect the other Party's Customs

Customs are the manifestation of certain behaviors and values. It includes all the unique ways in which people live in society over a period of time, such as production, daily life, etiquette, and religious traditions. In the negotiation process of international trade negotiations, even minor improper infringement can inadvertently lead to unacceptable infringement by the other party. The traditions of different countries and regions in the world vary greatly, so as negotiators, it is necessary to understand and respect each other's traditions in order to create a more harmonious negotiation environment. Different ethnic cultures have their own taboos, so negotiators need to understand relevant laws to respect ethnic customs.

3.4. Targeted Training

Conducting an effective cross-cultural training can help employees gain a deeper understanding of each other's country's culture and the culture of the original company, thereby finding commonalities between the two cultures. This can enhance mutual cooperation awareness and communication skills, while also enhancing employees' professionalism, enabling them to make greater contributions to the company. Through training, they should not only interpret and judge others' words and actions from their own cultural perspective, but also think from a different cultural background to ensure that their understanding is correct, thereby reducing the occurrence of bias and discrimination.
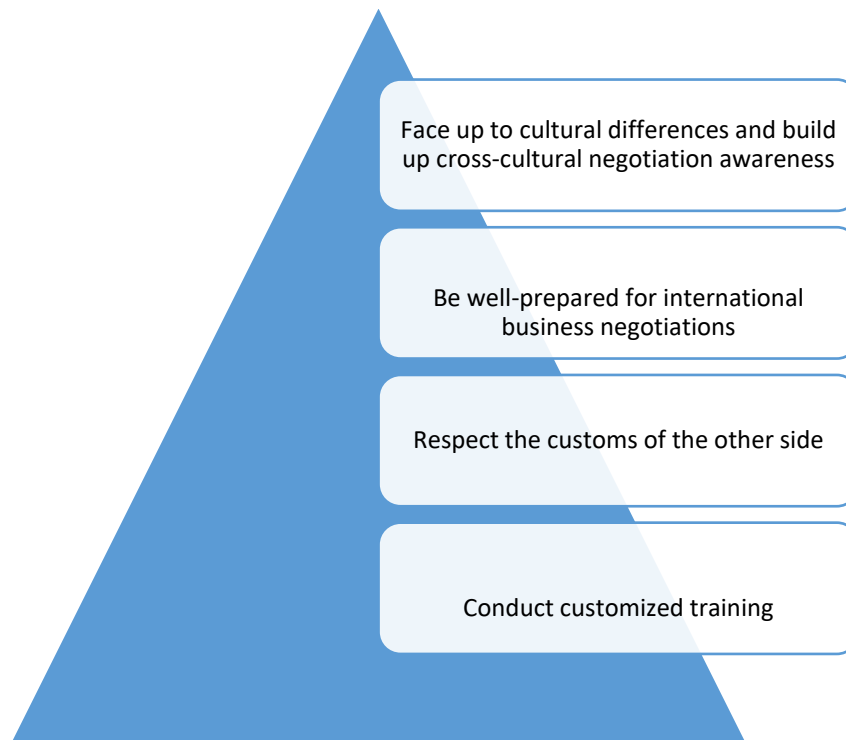

Figure 4: Suggestions for Cross-cultural Negotiation

4. Conclusion

This article carefully analyzed the impact of cross-cultural communication on international business negotiations from various perspectives and proposed corresponding solutions. In the context of the global economy, the economic and trade ties between countries around the world are becoming increasingly close. Negotiation, as an important part of international business activities, is also a combination of economic cooperation and cultural exchange, indicating the importance of cultural factors. However, if there is not sufficient understanding and understanding of this difference, it is likely to fall into a "negotiation trap" at any time, which would affect the achievement of negotiation goals. From this perspective, considering and grasping cultural differences in international business negotiations should be a conscious action of negotiators, and serve as a basis for reasonable adjustments to negotiation strategies. This is the basic guarantee for achieving negotiation goals and

also a necessary means.

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