

**Dimensions of Success in International Business Negotiations:  
A Comparative Study of Thai and International Business Negotiators**

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## **Abstract**

The success of international business relationships depends on effective business negotiations. Negotiators need to be well prepared. Understanding how to achieve international business negotiation outcomes and the factors relevant to the process will allow negotiators to be more successful.

Based on theories of negotiation with a cultural focus, this study focuses on the dimensions of negotiating outcomes and process as perceived by Thai and International business negotiators related to past cross-cultural international business negotiations. From a review of negotiation practices a questionnaire focusing on positive retrospective negotiation experiences was developed and sent to executives working in Thailand. The results indicate that the important outcomes for successful cross-cultural negotiators are future-oriented prospects and performance. An information focus and a relationship orientation are the dominant keys to success identified by both Thai and International negotiators. Tactics and protocol are much less emphasized in successful experiences. International business negotiators significantly emphasize a specific time orientation more than their Thai counterparts.

Keywords: International business, negotiators, negotiating process, negotiating outcomes, future-oriented prospects, relationship orientation, executives in Thailand.

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## **1. Introduction**

International executives attempt to negotiate for an optimal solution: minimizing conflicts and maximizing gains. Martin et al. (1999) found that a clear negotiation strategy was the most important factor for successful international business relationships.

In international business negotiations, cultural differences are inevitable between negotiators from different countries. Cultural values can influence international business negotiations in significant and unexpected ways from the first to the last stage of a negotiation. The diversity of values of partners results in different approaches used in the negotiation process and variable expected outcomes. Successful international business negotiation is not guaranteed by following practical negotiation tips. In fact, it would be more useful for negotiators if the most critical success factors of international business negotiations in a particular culture could be identified in advance.

Negotiating with executives from different cultures requires an understanding and adaptability to these differences. Special approaches for particular cultures may be needed. An international business negotiation within the Thai culture, in particular, would require a unique emphasis from other cultures to achieve positive results in negotiations.

Thailand is one of the most economically successful countries in Southeast Asia. Currently, various modes of international business transactions have been strongly promoted by the Thai government in order to increase international competitiveness. Thai entrepreneurs with international business potential are attempting to enter potential international markets. Simultaneously, inward foreign direct investment has also been promoted, using tax advantages and other incentives to motivate foreign investors to develop joint ventures or 100% owned operations in Thailand.

As international business opportunities open, negotiations also increase. Most Thai business negotiators have used a trial-and-error approach in negotiations. International negotiators tend to be more skillful as a result of learning through experience. Inexperienced business negotiators who want to be internationally effective have to learn more about the cultural aspect of business negotiations. Lack of preparation definitely impedes the development of an appropriate negotiation approach. To facilitate better international business negotiations for both Thai executives who negotiate internationally and foreign investors who operate in Thailand, the analysis of effective negotiation in

this context is emphasized. The types of outcomes relevant to successful international business negotiations are also identified.

Theories of international negotiation with a focus on cross-cultural practice are presented. This provides the background to understand the cultural features of the negotiation process. This paper will assess the perceptions of success in international business negotiations and related elements of the negotiation process in a cross-cultural context. The study was conducted with Thai and International negotiators working in Thailand. The participants responded to past experience in successful international business negotiations, and what elements of the negotiation process they emphasize to achieve positive outcomes.

## **2. International Business Negotiations: Definition and Process**

In this section, perspectives on international business negotiation are reviewed. An international business negotiation is defined as the deliberate interaction of two or more social units (at least one of them a business entity), originating from different nations, that are attempting to define or redefine their interdependence in a business matter. This includes company-company, company-government, and solely interpersonal interactions over business matters such as sales, licensing, joint ventures, and acquisitions (Weiss, 1993:270).

Generally, the process of negotiation consists of three different negotiation stages including the pre-, actual negotiation, and post- stages (Ghauri 1996:7). The effective flow of the negotiation process can determine the success of a negotiation.

The pre-negotiation stage, which involves the preparation and planning, is the most important step in negotiation (Ghauri 1996:14). It sets the foundation for the process negotiating (Lewicki et al. 1994). It consists of interactions, such as building trust and relationships, and the task-related behaviors which focus on the preferences related to various alternatives (Graham & Sano 1989, Simintiras & Thomas 1998). In brief, the first stage of negotiation emphasizes getting to know each other, identifying the issues, and preparing for the negotiation process.

The negotiation stage involves a face-to-face interaction, methods of persuasion, and the use of tactics. At this stage negotiators explore the differences in preferences and expectations related to developing an agreement.

The post-negotiation stage relates to concessions, compromises, evaluating the agreement, and following-up.

These stages are often done concurrently. The negotiation process is a dynamic process, involving a variety of factors related to potential negotiation outcomes.

International business negotiations are typically more complicated and difficult to assess than the negotiations taking place between negotiators from the same culture. This is because the values of the negotiators are different. Negotiators have unique perspectives on negotiations leading to different styles. Other external influences such as international law, exchange rates, and economic growth also increase the complexity of negotiations. International business negotiators need to understand each other's values so that they can adapt their negotiating approaches to emerging situations.

## **3. Negotiation Outcomes and Performance**

The cultural aspects related to outcomes are considered in this section. A negotiation outcome is the result of the interaction with the partners (Thompson 1998:10). Usunier (1996) identified five outcome orientations that vary among different cultures. These include partnership, contract, profit, winning, and the time expectations of the negotiation. Specific cultures prefer a certain outcome orientation. For example, Chinese, Korean, and Japanese negotiators look for a relationship and an integrative approach rather than a distributive solution whereas American negotiators emphasized contracts and are concerned less with a win-win settlement (Paik & Tung 1999, Zhao 2000). Americans consider a signed contract as a definitive set of requirements that strictly binds the two sides and determines their interaction. Japanese and Chinese negotiators often consider a relationship as the appropriate result of the process, not a signed contract (Salacuse 1998:225-226). A distributive orientation culture such as the US or UK usually emphasizes winning over the other party as the best result. Different cultures focus on specific outcomes to define the success of international business negotiations.

Negotiation performance is an evaluated outcome, usually based on a continuum of success to failure. Generally, in a successful negotiation a negotiator obtains something of greater value in exchange for something of a lower relative value (Buttery & Leung 1998:379). One possible outcome is a mutual settlement. Negotiations may end in an impasse, in which there is no settlement. Partners also compare their relevant outcomes (Buttery & Leung 1998:380). Who gains or loses affects the perception of the negotiator's success.

Successful negotiation does not end with the attainment of an agreement (Ertel 1999). Along with the completion of a contract, and the settlement of substantive issues, negotiators also consider the intangible aspects of negotiated outcomes, including overall satisfaction, status of the relationship, and the level of commitment (Savage et al. 1989).

Negotiators may achieve a good deal but fail to sustain the relationship or develop positive feelings with their counterpart. In such a case, the negotiation can be considered successful if the agreement is the first priority. Conversely, it can be viewed as a failure if maintaining a good relationship is the higher priority.

The negotiator's perceptions about specific negotiation outcomes are diverse. These depend on goals which can be affected by culture. If the characteristics of the negotiation outcomes are identified by a particular cultural perspective, it will influence the negotiation process.

#### 4. Culture and Negotiations

Negotiation theories with an emphasis on culture are assessed in this analysis. Culture consists of patterns, explicit and implicit, of behavior acquired and transmitted by symbols including their embodiment in artifacts. The essential core of culture consists of traditional (i.e. historically derived and selected) ideas and values. Cultural systems may be considered as products of action, or as conditioning further action (Kroeber & Kluckhohn 1952:181).

Culture provides the context for negotiation because it takes place within the framework of a culture's institutions and is influenced by its norms and values. Culture is a key factor affecting negotiation processes and outcomes (Brett et al., 1998). According to Salacuse (1998), negotiation practices differ from culture to culture. Culture provides the "negotiating style" – the way persons from different cultures conduct themselves in negotiating activities. Culture determines the way people perceive and approach the negotiating process. They have specific perspectives on power, time, risk, communication, and complexity. Individualist negotiators tend to engage in coercive or competitive behavior, and arguments whereas collectivist negotiators emphasize relationships and problem solving (Heydenfeldt, 2000).

The specific theories which identify the impacts of culture on the international business negotiation process are synthesized and compared. Most of these studies have only focused on one aspect of the process. Table 1 presents a synthesis of these impacts specified in previous studies.

**Table 1 Cultural Values on International Business Negotiation Process**

<b>International Business Negotiation Process</b>	<b>Impact of Cultures</b>
<b>Goal</b>	<ul style="list-style-type: none"> <li>• Thai, Chinese, and Japanese negotiators value long-term relationships. Western negotiators aim at signing a contract.</li> </ul>
<b>Protocol</b>	<ul style="list-style-type: none"> <li>• The degree of formality in a negotiation can vary from culture to culture. Thais value etiquette and respectful manners. English and German negotiators are very formal and highly concerned with proper protocol.</li> </ul>
<b>Communication</b>	<ul style="list-style-type: none"> <li>• Thais tend to speak softly and use almost no gestures, and prefer indirect language. Americans are direct and prefer a straightforward presentation with a minimum of game playing.</li> </ul>
<b>Time</b>	<ul style="list-style-type: none"> <li>• Americans are sensitive to time. They view it as a limited resource that must not be wasted. Japanese regard time as long duration, spending time to learn counterparts. Thais have a very relaxed attitude to time and scheduling.</li> </ul>
<b>Risk propensity</b>	<ul style="list-style-type: none"> <li>• Japanese prefer predictable situations, being strict to the rules. Thais are more flexible to the rules, and accepting changes.</li> </ul>

<b><i>Groups versus individuals</i></b>	<ul style="list-style-type: none"> <li>• In decision making, a more collective culture places emphasis on group priority. An individual-oriented culture is more independent and assertive. Thai culture is group-oriented, but hierarchical; decisions are made by the top managers. Japanese negotiators rely on consensus.</li> </ul>
<b><i>Nature of agreements</i></b>	<ul style="list-style-type: none"> <li>• Thais generally respect contracts, but personal commitment has more value. Germans are detail-oriented and prefer specific provisions.</li> </ul>

**Sources:** Gesteland 2002, Brett 2001, Hendon 2001, Lewicki et al. 1999, Martin et al. 1999, Salacuse 1998, Wise 1997, Usunier 1996, and Weiss 1994.

As presented in Table 1, the cultural differences consistently influence international business negotiations. This indicates that even though some universal characteristics of international business negotiation are generally recognized, negotiators from specific cultures view negotiations as a particular style. They emphasize different priorities of goals, the negotiation process, and expected outcomes. Understanding the influence of culture in negotiation reduces confusion and misinterpretations in the process. Negotiators need to be aware of such cultural differences and become well prepared for them.

To analyze the cultural diversity, Hofstede (1991) proposed five cultural dimensions to assess the values which characterize specific patterns. The first dimension is social inequality or power distance, which is the extent to which the less powerful members of institutions and organizations within a culture and accept that power is distributed unequally. It signifies the dependent relationships of members. In a large power distance culture decisions are made at the top, formality and protocol are preferred. The second dimension relates to the relationship between the individual and the group. It pertains to societies in which the ties between individuals are either loose (individualism) or cohesive (collectivism). Negotiators from collectivist cultures tend to have a collective decision making process and large negotiation teams. The concepts of masculinity and femininity also relate to negotiation style. A masculine culture emphasizes assertiveness and competition. Negotiators from a high masculinity culture are task-oriented. A feminine culture emphasizes nurturing behaviors, a concern for relationship and mutual benefits. Negotiators belonging to feminine cultures tend to be indirect, cooperative, and display harmonious relationships. The next cultural dimension is managing uncertainty. It refers to the extent to which the members of a culture feel threatened by uncertain or unknown situations. Negotiators from a high uncertainty avoidance culture seek more information, require more clarification and explanation of issues. The last dimension relates to the differences between the short-term and long-term orientation. Partners with short-term orientation expect quick results and can be influenced by time pressure. Counterparts with long-time orientation adapt traditions to a modern context and value the necessity to establish a relationship. Hofstede's dimensions consider national culture as a static but consistent paradigm. At the interpersonal level such as in negotiation this paradigm is the context for dialogue in which the national culture acts of each partners sets as a filter (Jensen, 2004).

Table 2 presents the index scores of each dimension of Thai culture on a comparative basis from Hofstede's work (1991). The values most relevant to negotiation based on previous research are synthesized in practical terms.

**Table 2 Thai Cultural Dimensions and Negotiation**

<b>Cultural Dimensions</b>	<b>Score</b>	<b>Thai Culture</b>
Social inequality (Power distance)	64	<ul style="list-style-type: none"> <li>• A negotiation team is led by a senior who are respected by younger members. Decisions are made at the top. A formal process and protocol are important.</li> </ul>
Individualism	20	<ul style="list-style-type: none"> <li>• Compared with Westerners, Thais are more group-oriented. They maintain harmony and avoid direct confrontation.</li> </ul>
Masculinity	34	<ul style="list-style-type: none"> <li>• Thai culture is more feminine, emphasizing feelings and relationships, saving and giving</li> </ul>

		face. They prefer compromise to resolve conflict.
Uncertainty avoidance	64	<ul style="list-style-type: none"> <li>Thais are moderately comfortable in dealing with uncertainty. They are tolerant of deviation. Changes and adjustments are acceptable. Trust reduces uncertainty.</li> </ul>
Long-term Orientation	56	<ul style="list-style-type: none"> <li>Thai culture is more long-term oriented than Western cultures. A negotiation will last for as long as it takes to establish a relationship. It is not deadline oriented.</li> </ul>

**Source:** Hofstede 1991; Elashmawi & Harris 1998; Hendon et al. 1999; Hodgetts & Luthans 2003.

According to this analysis, Thai culture is relatively hierarchical. The seniority of negotiators is respected. Thai culture is more group-oriented and caring. A long-term orientation is preferable. Uncertainty is also accepted, signifying a reasonable flexibility of the culture. From this perspective, Thai negotiators may perceive and conduct an international business negotiation from a very specific frame of reference, which will be substantially different from negotiators in other cultures.

Regarding the recognition of cultural differences, experience doesn't seem to help much. Misunderstandings based on value differences still play an important role in negotiations even between professional diplomats (Hofstede & Hofstede 2005: 322). Similarly, there are many cultural barriers and risks in partnerships which take place despite the experience of the partners (Hofstede & Hofstede 2005: 347). The Western commitment to universally applied rules means a contract is binding regardless of circumstances but for people from interdependent high-context cultures changing circumstances necessitate adapting to situations (Nisbett, 2003: 66).

Negotiations also reflect other levels of culture such as professional or community (Gullerstrup, 2004, 10). While the national culture might be relatively static in a situation like negotiation other levels of culture for example the professional values might change quickly in response to the context (Gullerstrup, 2004, 10)

Based on the evidence of the theoretical and practical synthesis of culture based on Hofstede's cultural values in international business negotiations, this study focuses on determining the cultural value that influence Thai and international negotiation styles, the successful outcomes and the negotiation process used. This would provide a better cross-cultural understanding and useful guidelines for both partners concerning the negotiation process in the Thai context and how it relates to success.

## 5. Methodology

Data collection was conducted through mailed and distributed surveys. A questionnaire requesting the respondent to retrospectively consider the perceived success of a past negotiation experience was developed (see Appendix A). It focused on the negotiator's understanding of the factors associated with negotiation behaviors and what outcomes defined success.

The questionnaire had three sections. The first included the perceived outcomes defining negotiation success. It consisted of 9 items. Respondents rated each statement on a scale from 1 (extremely disagree) to 5 (extremely agree). The second section considered the perceived process factors associated with negotiation success. It contained 61 items, asking the respondents to rate the importance each question on a scale from 1 (extremely unimportant) to 5 (extremely important). The third contained questions about the personal profile of the respondents.

One thousand questionnaires were mailed including a cover letter on university letterhead to executives in Thailand including, Thai and international businesses. Businesses were taken randomly from several industries: agriculture, industry, construction, transportation, communication, and finance. One hundred and twenty five usable questionnaires were returned, a 12.5% the response rate. Even though an intensive follow-up of nonrespondents were made, the response rate was still low. Generally, there is a reluctance for Asian managers to reply to surveys particularly about sensitive business issues such as strategy, marketing or negotiation. This low response can be attributed to two main reasons. Asian managers hesitate to disclose sensitive business information because of fear of competitors or government intervention (Hallward-Driemeir 2001). The second reason relates to culture. Asian cultures tend to be high context, collectivist, and sensitive to losing face (Tseng et al. 2003). Responding to survey questions often assumes a direct, individualistic, and open approach which is not compatible for Asian executives. While this might create a response bias in this research, it might also an advantage because the focus this study is on

success. Executives may be confident enough in their past performance to respond to specific questions about successful negotiation.

However, when comparing the general profiles (industry, nationality, size of the firm, etc.) of the nonrespondents with the respondents, they were quite similar. Because the focus of the survey was on successful negotiation experience, this response rate may be acceptable, but caution is necessary in interpreting the results. The sample was sufficiently large for statistical analysis. The reliability of the questionnaire was acceptable with a Cronbach's alpha of 0.89.

## 6. Negotiator Profiles

Table 3 presents the profile of the Thai and International negotiators. The respondents include sixty three Thais (50.4%), and sixty two International respondents (49.6%). The international business negotiators are from various countries (see Appendix B) which can be grouped as Asian (14.5%), European (46.8%) and English speaking (38.7%).

Overall, the majority of the respondents are male, top executives of private firms, with an average age of 45. They are experienced in negotiating with Asians, Europeans, and North Americans. Most respondents are engaged in buying-selling negotiations.

62% of the Thai negotiators are involved in short duration negotiations (less than 1 week), but only 38% of the International negotiators are involved in such negotiations. International negotiators are more involved in long-term negotiation. The responsibility of Thai and International executives is also different. Most International negotiators (61%) have major responsibility whereas most Thai negotiators (92%) have only minor responsibility.

**Table 3 Summary of the Respondent Profiles**

Characteristics	% of Respondents		
	Thai (n=63)	International (n=62)	Total (n=125)
<b>Gender</b>			
Male	48%	52%	84.7%
Female	78%	22%	15.3%
<b>Age</b>			Average age 45 years
Up to 40	41%	59%	36.4%
41 – 55	57%	43%	56.2%
More than 55	67%	33%	7.4%

**Table 3 Summary of the Respondent Profiles (Continued)**

Characteristics	% of Respondents		
	Thai (n=63)	International (n=62)	Total (n=125)
<b>Title</b>			
President/General Manager/CEO/MD	49%	51%	56.9%
Vice President/Associate or Asst. VP	47%	53%	13.8%
Division Manager	67%	33%	12.2%

Department Manager/Associate or Asst. Division or Dept. Manager	69%	31%	10.5%
Professional/ Specialist/ Technical and others	29%	71%	6.5%
<b>Negotiation experiences</b>			
In Asia	47%	53%	91.1%
In Europe	50%	50%	79.7%
In North America	48%	52%	62.6%
In Other regions	42%	58%	37.4%
<b>Length of negotiation</b>			Average of 12 days
Less than 1 week	62%	38%	53.0%
1-4 weeks	44%	56%	21.7%
More than 1 month	38%	62%	25.2%
<b>Degree of responsibility</b>			
Major responsibility	39%	61%	77.3%
Minor to intermediate responsibility	92%	8%	22.7%
<b>Type of negotiation engaged</b>			
Buying-selling	49%	51%	71.2%
Joint Venture	49%	51%	38.1%
Strategic Alliance	44%	56%	41.5%
Merger & Acquisition	48%	52%	21.2%
Contract	47%	53%	56.8%

## 7. Results and Discussion

To reduce the number of variables in the analysis as well as to identify the critical success outcomes and indicators of the negotiation process, factor analysis was conducted. Based on this analysis, comparisons between the Thai and International negotiators were conducted using one-way analysis of variance to identify any significant differences in their perceptions concerning success and the relevant process factors. Cluster analysis was also conducted separately within the sample of Thai and International negotiators in order to ensure the homogeneity within each group. The results of the cluster analysis indicate no dominant cluster within the Thai or the International respondents, suggesting that these are consistent and unique samples.

### 7.1. Negotiation outcomes of international business negotiations

The factor analysis in Table 4 presents the four factors identified as the outcomes of successful international business negotiations. These are future-oriented, balanced results, performance, and self gain. The extracted factors account for 62.78 percent of the total variance. Each factor had factor loadings higher than .50. Because of the sample size, any items with loadings below .50 were discarded (Hair et al. 1998:112).

**Table 4 Factor Analysis: Negotiation Outcomes**

Negotiation Outcomes	Loadings	Eigenvalue	Cumulative %	Mean

<b>1. Future-oriented prospects</b>		<b>1.842</b>	<b>20.468</b>	<b>4.31</b>
1. Future agreements between parties	.836			
• Potential future relationship is strengthened.	.794			
• Joint mutual gains	.547			
<b>2. Balanced results</b>		<b>1.395</b>	<b>35.967</b>	<b>3.49</b>
1. Efficiency of the result: cost-effective outcomes	.677			
• Outcome parity: each party gains equally (50-50)	.644			
<b>3. Performance</b>		<b>1.283</b>	<b>50.222</b>	<b>4.27</b>
1. Complete transaction, i.e. an agreement is signed	.819			
• Level of performance afterward: results achieved	.617			
<b>3. Self gain</b>		<b>1.130</b>	<b>62.775</b>	<b>3.17</b>
1. Self monetary gain or increased financial return	.879			

As shown in Table 4, the future-oriented prospects are the most important negotiation outcome with a mean of 4.31, followed by performance at 4.27. Based on this evidence, negotiators emphasize expected potential outcomes more than current performance. Even though a balanced result is a preferred outcome, negotiators rated this lower than future prospects or performance. Self gain is the least important aspect of negotiation outcome. Negotiators realize that international business is generally ongoing, requires a long-term perspective and the development of trust. Focusing on individual returns allows only a short-term advantage. This will reduce trust and undermine the future potential of the partnership.

### *7.2. Comparing the perceptions of Thai and International negotiators on outcomes*

Comparing Thai and the International business negotiators, there is a significant difference only for self gain ( $p < 0.05$ ). In Table 5, the analysis indicates that the Thai negotiators regard self gain as an indicator of success significantly more than their International peers. The majority of executives are engaged in buying-selling negotiation, but Thai executives are more involved in short-term negotiations (less than 1 week) than the International negotiators. They also had less responsibility. This combination reinforces self gain as a key indicator of negotiation success.

There are no significant differences in other outcomes between the Thai and International executives which tend to be long-term. Most of the executives in the study are experienced. They understand that a long-term orientation should be considered. This indicates an interesting cross-cultural convergence of negotiation styles with an emphasis on long-term results.

**Table 5 Comparison of the Perceived Outcomes of International Business Negotiations**

<b>Negotiation Outcomes</b>	<b>Thai</b>	<b>International Negotiators</b>	<b>P</b>
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	Negotiators				Value
	Mean	Std. Deviation	Mean	Std. Deviation	
1. Future-oriented prospects	4.34	.51	4.27	.49	.442
• Balanced results	3.56	.66	3.43	.76	.310
• Performance	4.33	.55	4.19	.56	.170
• Self gain	3.43	1.24	2.90	1.24	.021*

Note: \* Significant at the 0.05 level

### 7.3. Negotiation process factors

Based on their past successful experience in international business negotiation, negotiators identified relevant process factors. Table 6 presents the analysis which identified ten factors. The information focus (3.97) and relationship orientation (3.95) are highly emphasized. Other factors including consensus, transparent objectives, time orientation, limited offers, and logical coherence of the positions are only moderately important for success. The focus on the differences between the parties is minimal in successful negotiations. Tactics (2.74) and protocol (2.55) are the lowest rated. These factors account for 51.74 percent of the total variance in the process of negotiation.

**Table 6 Factor Analysis: Negotiation Process**

Negotiation Process	Loadings	Eigenvalue	Cumulative %	Mean Scores
<b>1. Logical coherence</b>		<b>4.002</b>	<b>6.561</b>	<b>3.49</b>
1. There is a logical coherence of position.	.711			
2. The conduct of a negotiation is logical.	.672			
• Positions or stances are made explicit.	.570			
• Each stage in a negotiation moves quickly.	.557			
<b>2. Consensus</b>		<b>3.713</b>	<b>12.649</b>	<b>3.77</b>
1. The consensus between parties exists.	.654			
• Specific obligations are assigned to each concerned party.	.605			
• Harmony between parties remains.	.535			
<b>2. Protocol</b>		<b>3.649</b>	<b>18.631</b>	<b>2.55</b>

1. Negotiation follows an agenda strictly.	.697			
• A negotiating team consists of several members.	.646			
• Negotiation protocol is followed through strictly.	.638			
• Negotiation process is formal.	.603			
<b>2. Tactics</b>		<b>3.334</b>	<b>24.096</b>	<b>2.74</b>
1. Delaying tactics are used.	.701			
• Conflict approach, concentrating on conflict areas, is used.	.648			
• Confrontation tactics, opposing angrily to the other, are used.	.531			
• Bargaining tactics are used.	.530			
• The use of silence	.509			
<b>2. Information focus</b>		<b>3.327</b>	<b>29.550</b>	<b>3.97</b>
1. Negotiators gather information as much as possible.	.679			
• Ask questions during the negotiation to gather information.	.675			
• Ask for expert opinions to obtain information.	.588			
• Concerned documents are prepared.	.551			
• Negotiators spend some time reviewing the negotiation afterward.	.526			
<b>2. Relationship Orientation</b>		<b>3.167</b>	<b>34.742</b>	<b>3.95</b>
1. The use of compromise	.682			
• Friendly approach is used.	.659			
• There is a development of personal relationship prior to	.573			

the negotiation.				
<b>2. Clear Objectives</b>		<b>2.963</b>	<b>39.599</b>	<b>3.74</b>
1. Business focus during the negotiation	.596			
• The objectives of negotiations are made clear to self and the other.	.525			
• Personal feelings are used.	-.524			
• Positions are consistent.	.511			
<b>2. Limited offers</b>		<b>2.690</b>	<b>44.009</b>	<b>3.53</b>
1. Lower and upper limits are defined as a range.	.588			

**Table 6 Factor Analysis: Negotiation Process (Continued)**

<b>Negotiation Process</b>	<b>Loadings</b>	<b>Eigenvalue</b>	<b>Cumulative %</b>	<b>Mean Scores</b>
<b>2. Time Orientation</b>		<b>2.688</b>	<b>48.416</b>	<b>3.59</b>
1. Short-term implications of the issues are in focus.	.644			
• Long-term implications of the issues are in focus.	.636			
<b>2. Focus on the Differences</b>		<b>2.030</b>	<b>51.743</b>	<b>3.36</b>
1. Attentions of negotiators are paid to the contrast or differences.	.656			

Based on the negotiation stages, there are three factors involved in the pre-negotiation stage. These factors include the information focus, clear objectives, and limited offers. The information focus includes all types and sources of information. The more information available, the more negotiators can prepare for an initial position. Clear objectives combines the business focus, persistent position, and avoiding personal feelings. Negotiators recognize that clear objectives help develop the process on a mutual basis. A limited offer provides boundaries which specify how much can be offered and counter-offered. This makes it easier for partners to assess alternatives relevant to their objectives.

In the negotiating stage, the process factors include relationship orientation, time emphasis, logical coherence, focus on the differences, tactics, and protocol. The relationship orientation is important to successful negotiations because reduces stress. This approach is more flexible.

Time orientation, both short-term and long-term, is considered in successful negotiations. Time is considered a resource. It should be used effectively to contribute to an expected outcome. Negotiators are concerned with future-

oriented prospects and emphasize balanced results. This takes time to emerge. Negotiators have different perspectives of time appropriate to the negotiation situation they encounter.

Logical coherence implies a rational approach which can reduce the degree of uncertainty in the process. In an international business negotiation, differences in values make it more difficult for partners to understand each other. Being consistent, logical, and understandable would facilitate the mutual understanding needed for success.

Focusing on the differences helps negotiators understand the positions being considered and to realize the potential mutual opportunities available. However, protocol (agenda and formality) and tactics (delaying, conflicting, or bargaining) are less relevant to a successful outcome. This is likely because formality reduces flexibility. The use of tactics is competitive which is likely to reduce cooperation between the partners.

In the post-negotiation stage, consensus is the only relevant factor. Consensus corresponds to the relationship orientation. Negotiators develop an understanding through mutual agreement. This will support the implementation of the agreement over time.

#### 7.4. Comparing the process factors of Thai and International business negotiators

Based on a one-way analysis of variance, Thai and International business negotiators are significantly different in their assessments of six factors: logical coherence, consensus, protocol, information focus, limited offers, and time orientation ( $p < 0.05$ ). Table 7 presents the analysis of these factors which are relatively high for both Thai and International business negotiators. The exception is protocol which is low.

Both Thai and International business negotiators consider the relationship orientation, transparent objectives, and a focus on the differences similarly. Tactics are rated low, but not significantly different. Comparing each process factor, the Thai negotiators considered all the factors more important than the International negotiators, except for the time orientation.

**Table 7 Comparison of Negotiation Process Factors**

Process Factors	Thai Negotiators		International Negotiators		P Value
	Mean	Std. Deviation	Mean	Std. Deviation	
1. Logical coherence	3.67	.55	3.27	.611	.000*
• Consensus	3.88	.55	3.65	.54	.025*
• Protocol	2.70	.71	2.37	.76	.014*
• Tactics	2.85	.71	2.62	.69	.072
• Information focus	4.01	.55	3.84	.60	.032*
• Relationship orientation	3.98	.63	3.87	.60	.309
• Transparent objectives	3.76	.41	3.72	.55	.668
• Limited offers	3.67	.79	3.36	.78	.032*
• Time orientation	3.42	.61	3.78	.61	.002*
• Focus on the differences	3.42	.84	3.30	.83	.426

Note: \* Significant at the 0.05 level

##### 7.4.1. Significant differences

From the analysis of variance, there are six significant process factors that differentiate Thai and the International negotiators.

*Logical coherence:* Thai negotiators identify logical coherence as a critical process factor (3.67), but International negotiators emphasize it significantly less (3.27). Logical coherence limits the uncertainty in the process. In an international business negotiation, it is more difficult to gain mutual understanding. If the process is more consistent, Thai negotiators expect that they can establish the clarity of the partner's position in the process and negotiate to obtain the preferred outcome. International negotiators give less regard to this factor. They use information to clarify the positions involved. Uncertainty can be reduced through good information, and maintaining a logical and consistent position.

*Consensus:* Consensus and harmony are more critical process factors in successful negotiations for Thai negotiators (3.88) than the International negotiators (3.65). Thai negotiators belong to a collectivist culture, where group concerns take first priority. Most of the international negotiators are from more individualistic cultures. Thai negotiators prefer consensus between the partners before making a final decision. This creates an atmosphere which facilitates relationships, a highly valued by Thai partners.

*Protocol:* Protocol is an interesting issue. Thai and International business negotiators consider protocol of limited value for the success of international business negotiations. However, Thai negotiators still significantly emphasize protocol more (2.70). Protocol includes formality face, respect, and status which are important in a large power distance culture like Thailand. Another reason is that protocol helps reduce the unfamiliar or unexpected issues during the negotiations. In spite of this, protocol and agenda reduce the flexibility of the interactions between parties. Negotiators often encounter issues that are not anticipated and require immediate response. Formality will hinder the negotiators adjustment to changing situations.

*Information focus:* Thai and International negotiators perceive information as a key to successful negotiations. Negotiators make choices based on the details they have about the other partner, issues, and context. Even though both business negotiators rated this factor high, Thai negotiators (4.01) significantly emphasize the information focus more than International negotiators (3.84). Related to this, Thai negotiators emphasize several informal contacts and meetings prior to the final decision-making stage as well as using references from expert opinions when negotiating.

*Limited offers:* Thai business negotiators (3.67) significantly consider limits on the range of possible offers more important than International negotiators (3.36). Thai negotiators prefer some degree of certainty but with potential flexibility. By defining a range of acceptable choices, negotiators make better decisions. International negotiators regard this factor as only moderately important. They prefer a fixed offer to a range of choices. They expect the outcomes to be closer to what they identified in the beginning of the negotiation process.

*Time orientation:* There is a significant difference in time orientation between Thai and International business negotiators. International negotiators (3.78) are concerned with time significantly more than Thai negotiators (3.42). They recognize that both the short-term and long-term issues are important to successful negotiations. Thai business negotiators give less emphasis to this factor. Considering the profile of executives in this study, the experience of Thai executives is typically in short duration buying-selling negotiations. The International executives are more experienced in longer negotiations. The Thai culture has a low sensitivity to time. It is a less crucial matter to Thai business negotiators. In contrast, International negotiators consider that time must be used productively as quickly as possible.

Cultural differences affect the process of negotiation much more than outcomes. This suggests a major divergence in the styles of Thai and International negotiators related to this process.

#### 7.4.2. Similarities

Despite, this divergence, there are the similarities between Thai and the International negotiators. The findings on the process which are not significantly different between Thai and International negotiators include four factors.

*Tactics:* Both groups considered tactics are not very important to successful negotiations. Tactics like delaying, or confronting negatively affect relationships which is the most important aspect of successful negotiations.

*Relationship orientation:* Based on the success orientation, Thai and International business negotiators recognize the role of relationships in negotiation success. Using local representatives to develop connections with partners, or friendly informal meetings facilitate the relationship orientation.

*Transparent objectives:* Thai and International business negotiators consider transparent objectives are important to successful negotiations. Clear objectives provide negotiators a framework for facilitating cooperation between parties. Successful negotiations depend on the greater understanding of the partner's objectives.

*Focus on the differences:* Thai and International negotiators rated the focus on differences moderately important to successful negotiations. This is because when their differences are identified, the possibility to balance the interests of the negotiators increases. However, it is necessary to integrate these differences through relationship building or they can become a source of conflict which limits the positive results of the negotiation.

These similarities also indicate a convergence in negotiation styles between Thai and International partners related to relationship, objectives, and a mutual perspective. These are consistent with the international style of negotiation based on an integrative or collaborative approach.

## **8. Conclusions and Implications**

Based on a review of the cultural aspects of negotiation theory and how culture influences practice, this study has explored the past successful experiences of international negotiators in terms of the negotiation outcome and the relevant process factors. The findings indicate that the success outcomes included monetary and non-monetary results. Both Thai and the International negotiators are more concerned with potential business relationships in the future than current gains. In addition, the balanced results and self gain are less emphasized in success. This implies negotiators will try to create and sustain relationships with their partners, but not necessarily on a win-win basis. Negotiation provides opportunities to work collaboratively but not to gain at the other partner's disadvantage.

Regarding the negotiation process, the process factors important to successful negotiations are different in each stage of the negotiation. This indicates that each stage varies in importance to a positive result. Negotiators have to be well prepared from the beginning, collecting information from possible sources, clarifying their objectives, and setting their limits. During the negotiation, the relationship orientation is most important. An appropriate emphasis on time should be considered. At the end of the negotiation, consensus is the most important consideration.

Because they emphasize specific cultural values, Thai and the International negotiators have different points of view on the outcomes and the process factors

In this context, Thai culture has a high degree of collectivism and affiliation, Thai business negotiators significantly value harmony and consensus with the partners in the negotiation. This would also strengthen the relationship and facilitate the process. A friendly approach is recommended when negotiating with Thai business negotiators. A logical approach that is consistent, explicit, and reasonable including a range of options also facilitates the process. This will provide a degree of flexibility that is appreciated by the Thai partner. Time is not critical for Thai negotiators.

International negotiators are more concerned with time. Most of the International negotiators in this study are from developed countries where time is considered valuable. The short-term orientation reflects the concern of International negotiators that time be used efficiently, and not wasted. In the long term, they are looking for effective and acceptable partnerships in terms of results.

The similarity of perceptions on outcomes and process of the international executives suggests a convergence of negotiation styles or a more universal approach to international negotiation. This convergence is particularly confirmed related to the outcomes. For the most part, Thai and the International negotiators value similar successful outcomes, except for self gain. Concerning the process there is also a limited convergence between the styles of Thai and International negotiators on factors consistent with the integrative approach.

Cultural differences have a major influence on many of the process factors. This suggests that a greater awareness of how culture relates to the negotiation process would enhance the success of the negotiation. At the same time there also seems to be an international standard of negotiation that is compatible for both Thai and International executives. Negotiators will need to consider global and local cues to determine how the negotiation process will develop.

## **9. Limitations**

The study investigated the retrospective perceptions of the preferred negotiation outcomes and process factors based on successful negotiation experiences. The outcomes and process factors are perceived, as determined by experienced negotiators. There may be a positive halo effect also the results are not based on actual negotiating behaviors. Negotiators may have emphasized their perceptions instead of their actual experiences in rating the key factors. It is possible that perceptions and actual behavior are different.

Another issue is the generalizability of the research results. There are two major causes of this limitation. First, because of the low response rate from both groups, it is possible that a sampling bias may be present related to success. This bias may affect the comparison of results between Thai and International negotiators. Second, the reliance on Thailand as the context of the study somewhat limits the generalizability of the results. The development of the research in other international contexts would improve the generalizability of this approach.

The last issue is that the study simplifies the negotiation structure. Only the negotiation process factors which most directly influence the outcomes of negotiations are emphasized in this study. Other indirect factors such as contextual factors (economic, political, legal, social, etc.) were excluded.

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## [Appendix A and B](#)

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