Negotiating Across Cultures: The Case of Hungarian Negotiators

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Abstract—Negotiating across cultures needs consideration as different cultures have different norms, habits and behavioral patterns. The significance of cross-cultural negotiations lies in the fact that many business relationships have already failed due to the lack of cultural knowledge. Therefore, the paper deals with cross-cultural negotiations in case of Hungarian business negotiators. The aim of the paper is to introduce the findings of a two-phase research conducted among Hungarian business negotiators. In the first phase a qualitative research was conducted to reveal the importance of cultural differences in case of cross-cultural business negotiations from the viewpoint of Hungarian negotiators, whereas in the second phase a quantitative one was conducted to figure out whether cultural stereotypes affect the way how the respondents negotiate with people coming from different cultures. The research found out that in case of Hungarian negotiators it is mostly the lack of cultural knowledge that lurks behind the problems and miscommunication occurring during the negotiations. The research also revealed that stereotypes have an influence on the negotiation styles of Hungarian negotiators. The paper concludes that culture and cultural differences must be taken into consideration in case of cross-cultural negotiations so that problems and misunderstandings could be avoided.

Keywords—Business, culture, negotiations, stereotypes.

I. INTRODUCTION

CROSS-CULTURAL business communication and cross-cultural business negotiation have become important research fields due to the growing number of international corporations and international business relations as well as the globalization of the economy. This phenomenon is also proved by the growing number of domestic (e.g. [1]-[5]) and international (e.g. [5]-[8]) scientific publications and pieces of research.

Taking part in business negotiations is not an easy task even if the participants have the same cultural background, but the situation becomes more complicated if the business actors are culturally diverse. The reason for this is that several problems may occur during negotiations in cross-cultural context [3]. To be able to avoid these troubles, the national cultures of the parties involved in the business relations have to be analyzed. Furthermore, the cultural stereotypes of the given nations also have to be examined as these generalizations are supposed to affect the behavior, the communication style, and thus the negotiation style of the business actors. Consequently, this paper deals with cross-cultural negotiations in case of

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Hungarian business negotiators. The purpose of the paper, by introducing the research findings of a two-phase research, is to reveal the importance of cultural differences in case of cross-cultural business negotiations from the viewpoint of Hungarian negotiators, and especially to find out whether cultural stereotypes affect the negotiation style of the respondent Hungarian negotiators.

II. LITERATURE REVIEW

Culture is an important factor which affects cross-cultural negotiations. The values and norms which are included in culture can influence negotiations as they affect how individuals perceive situations and how individuals react to the behavior of others [8].

To analyze the differences between two cultures, usually cultural dimensions are used. These cultural dimensions also enable the analysis of the differences between the negotiation styles and techniques of the two parties. Volkema [9], for example, detected correlations between intercultural differences in negotiators' preferences and the cultural dimensions of Hofstede [6], namely individualism/ collectivism, high/low power distance, and masculinity/ femininity. Therefore, in case of cross-cultural negotiations, it is indispensable to know the basic traits of the partner's culture to be able to avoid misperceptions and to be a successful negotiator. It encompasses the knowledge of cultural stereotypes which can evoke generalizations, thereby affecting the behavior toward others.

The research into cultural stereotypes is almost one century old. The term "stereotype" was introduced in 1922 by an American journalist, Walter Lippmann [10] to describe the "pictures in our heads" when thinking about a particular social group. The empirical research of the topic began in 1933 with the work of Katz and Braly [11], who examined the racial stereotypes of one hundred college students. Nevertheless, stereotype has many definitions. According to Allport [12], it is an exaggerated belief asserted with a category, whereas Fiske [13] states that stereotyping is a cognitive process, namely it is the application of an individual's own thoughts, beliefs, and expectations onto other individuals without first obtaining factual knowledge about the individuals. Additionally, Ashmore and Del Boca [14, p. 16] claim that stereotype is *"a set of beliefs about the personal attributes of a group of people."* However, McCauley and Stitt [15, p. 935] point out that *"stereotypes are best understood as predictions that distinguish the stereotyped group from others."*

Considering all the definitions it is clear that stereotypes refer to perceived or real traits of a nation, a culture, or a

social group. Although these stereotypes are often incorrect and lead to unjustified consequences, individuals often trust them. However, stereotypes are often based on experience with an individual of the group and do not regard any individual as exception [16].

There exist both positive and negative stereotypes in individuals' minds about the behavior and habits of cultures [17], but negative ones are more common [11].

Since stereotypes are based on individuals' beliefs and thoughts, they have a strong effect on business partners' attitude toward the other culture and this way they also influence their behavior at face-to-face interactions, like cross-cultural business negotiations [18], [19]. Moreover, stereotypes and the related value judgements affect the level of trust too [20], which also results in a changed attitude, behavior, and communication style. All in all, it is clear that since negotiation without communication is impossible, therefore, the impact of both culture and cultural stereotypes on cross-cultural negotiations is significant.

III. METHODOLOGY

This paper is based on a qualitative and a quantitative method analysis which are explained in this section.

A. Research Aims and Research Questions

The purpose of the empirical research is to analyze whether cultural differences are important in case of cross-cultural negotiations or rather it is the cultural stereotypes that determine somewhat the behavior of Hungarian negotiators.

The paper assumes that Hungarian negotiators often ignore cultural differences and rather stereotypical way of thinking distorts their behavior, and thus their negotiation style too. Since it is assumed that positive stereotypes are less known and have less significant impact on the behavior of individuals, a special emphasis is put on negative stereotypes; however, the positive ones are also examined.

B. Methods and Sampling

The research was conducted in two phases using different methods.

In the first phase, qualitative method was used as an exploratory method to find out whether Hungarian negotiators ignore the importance of cultural differences in case of cross-cultural business negotiations. Within the frames of this qualitative method, structured interviews were conducted among Hungarian businesspeople. There were two predetermined criteria for the sample, namely that the seat of the company has to be in West-Transdanubia region and that the potential respondents have already negotiated with partners from different cultures. Considering that the population is unknown as there has been no database containing the number of Hungarian companies that have foreign business partners, the interviewees were selected on the base of snowball sampling. The interview sheet contained 18 questions altogether focusing mainly on cultural differences as well as the problems and misunderstandings caused by them during cross-cultural business negotiations.

However, the paper discusses the findings of questions related to cultural differences.

The second phase of the research included the quantitative research investigating to what extent stereotypes and stereotypical way of thinking affect the respondents' behavior and trust-level. In this phase, data were gathered by means of a questionnaire, the criteria for the sample were the same, thus the respondent's company operates in West-Transdanubia region and the respondent has already been involved in cross-cultural business negotiations. The questionnaire was online and included 21 questions in four parts. The first part of the questionnaire contained demographic questions, the second part dealt with the international relationships of the respondents' company, whereas the third part investigated the factors influencing the level of trust. The last part of the questionnaire dealt with stereotypes and their effects; therefore the paper illustrates the results of this part. In this section the respondents had to evaluate some attitude-statements about stereotypes with the help of a 5-point Likert-scale (1=absolutely disagree and 5= absolutely agree). Furthermore, they had to mention those stereotypes they know about the most known foreign partner's culture. Simple, descriptive statistics were used to analyze the data.

C. The Respondents

Due to the strictly defined research aims and the criteria for the sample, the range of potential respondents was determined.

During the qualitative phase of the research, a total of 16 interviews were conducted. All the interviewees meet the criteria for the sample. As for the gender of the interviewees, there were 11 male and 5 female interviewees. 43.75% of the interviewees belong to the younger generation (between 18 and 35), 37.5% the middle-aged generation (between 36 and 54), and 18.75% the older generation (above 55). Each interviewee holds at least a bachelor's degree and speaks a minimum one foreign language (English or German) at least at an intermediate level.

In the second phase of the research 204 respondents filled out the questionnaire; however, after data cleaning the responses of only 124 questionnaires were included in the analysis. The analysis of this phase relies on the responses of 72 male and 52 female respondents, 60% of whom represent the younger generation (between 18 and 35), 36% the middle-aged generation (between 36 and 54), and 4% the 55+ category. 81.5% of the respondents graduated from college or university, 5.6% of them have higher vocational qualification, 11.3% of them graduated from high school, 0.8% finished their studies at a vocational school, and 0.8% of them have PhD/DLA. They speak at least one foreign language at least at an intermediate level.

IV. RESEARCH FINDINGS

First the paper discusses the results of the qualitative phase of the research, and then it illustrates the research findings of the quantitative phase.

In the qualitative phase of the research structured interviews were used to find out to what extent the interviewed

Hungarian negotiators ignore the importance of cultural differences. The interview sheet contained four questions related to cultural differences. The first question dealt with the most problematic situations when doing business with culturally diverse partner, the second one sought for the possible reason of the problematic situation, the third one intended to reveal those cultural differences that generate most of the problems, whereas the last question encouraged the interviewees to give some pieces of advice to a Hungarian businessperson who is about to do business with a foreign partner.

The responses given to the first question show that the most problematic fields are meeting the deadlines, the compliance with agreements, administration, negotiations, and problems related to quality and finances. As the possible reasons for these problems the followings were mentioned: Differences in the perception of time and deadlines, distrust, lack of knowledge about the negotiation style of the foreign partner, negative opinion about Hungarians (e.g. all Hungarians are corrupt), lack of patience and precision, Hungarians' inferiority complex, and the foreign partners' high expectations related to business. These results demonstrate that the majority of the problems are culture-related since previous studies (e.g. [6], [8], [21], [22]) have already proved that cultures show differences in meeting the deadlines, negotiation styles, the compliance with agreements, and administration styles. Considering the responses regarding the possible reasons of the problems it can also be seen that most of them derive from culture and cultural differences, e.g. those related to time perception, distrust, and the lack of knowledge about the other culture's negotiation style. The negative opinion about Hungarians is a kind of stereotyping which also has to do with culture. In view of these results, the responses given to the third question seem more interesting. Namely only five out of 16 interviewees could mention cultural differences that generate problems. These cultural differences were as follows: Differences in communication styles, and formal vs. informal behavior (e.g. calling the partner by their surname and title or by their first name). It must be emphasized that although the majority of the most problematic situations are culture-related according to the interviewees' responses, here they could not specify them or link them to culture. However, when they were to give advice to Hungarian businesspeople that are about to do business with a foreign partner, the majority recommended coming to know the partner's negotiation style, being aware of deadlines, and being patient and precise. These pieces of advice are also in connection with culture. These findings show that contrary to the assumption that Hungarian negotiators ignore cultural differences, it can be said that they rather lack cultural knowledge. Furthermore, it is this lack of cultural knowledge which generates problems and miscommunication during cross-cultural negotiations. Therefore, the first part of the assumption is rejected.

The second, quantitative phase of the research, was marked out for measuring the effect of stereotypes on the respondents' behavior and trust-level. The importance of this research question was backed up by the qualitative research findings, namely that distrust and the negative opinion about Hungarians were mentioned as possible reasons for the most problematic situations. This suggested that foreign partners often behave according to negative stereotypes, which generates distrust. Therefore, it was important to find out whether Hungarian negotiators do the same.

The questionnaire contained 11 attitude-statements regarding the impact of stereotypes (Table I), and the paper introduces some of these results.

TABLE I
THE ATTITUDE-STATEMENTS OF THE QUESTIONNAIRE

Number	Attitude-statement
1	Stereotypes are always negative.
2	Stereotypes are based on experiences.
3	Stereotypes help got to know other cultures.
4	Due to a positive stereotype, I better trust in the given foreign partner.
5	Positive stereotypes make business relations easier.
6	Due to a negative stereotype, I become prejudiced with the given foreign partner.
7	If I got to know a negative stereotype about the given culture, I start behaving in a different way with the partner coming from that culture.
8	A negative stereotype about the country does not affect the business relations with that partner.
9	Due to negative stereotypes, I trust less in my partner coming from that culture/country.
10	Negative stereotypes can be forged into advantage in business life.
11	Stereotypes about us affect my business partner, who behaves accordingly.

One of the attitude-statements investigated whether stereotypes help the respondents come to know the different cultures. One third of the respondents (33.8%) agreed with this statement to some extent, whereas almost another third (29.8%) disagreed with it. The value of median is 3, so the majority (36.3%) partly agrees, partly not. These findings suggest that the rate of those who judge a culture based on its stereotypes is nearly equal to that of those who do not do so.

Another attitude-statement examined to what extent positive stereotypes facilitate business relations according to the respondents. The majority of them (44.4%) agree with this statement, and only 17.8% disagree with it. However, 37.9% is the rate of those who both agree and disagree. This indicates that positive stereotypes do affect cross-cultural business relations, because as a result of a positive stereotype the behavior of the Hungarian negotiator is positive toward the foreign partner. Nevertheless, a possible reason for the responses of those disagreeing is that there are positive stereotypes which do not influence business relations on the merits. For example, a positive stereotype about Japan is that Japanese wives are devoted; however, it is less likely that this stereotype facilitates cross-cultural business relations and negotiations with a Japanese partner.

Another attitude-statement explored whether the respondents will be prejudiced as a result of a negative stereotype they know about their foreign partner. The responses given are quite divided as one third of the respondents (33.9%) will not be prejudiced, nearly another

third (29%) will be to some extent, whereas another third (37.1%) will be partly prejudiced, partly not. These results suggest that negative stereotypes make cross-cultural business relations and negotiations more difficult for a significant part of the respondents since prejudices change their behavior, which results in a changed negotiation style. To be able to prove this, namely the changed behavior as a result of a negative stereotype, an attitude-statement examined whether the respondents will behave in a different way with their partner if they come to know a negative stereotype about their partner. The results show that nearly half of the respondents (48.4%) do not behave in a different way due to a negative stereotype, whereas 15.3% of them do behave differently. The median's value is 3, thus a partly changed behavior characterizes 36.3% of the respondents. These responses are very interesting in view of the responses given to the previous attitude-statement, as answering to that 29% of the respondents stated that they would be prejudiced due to a negative stereotype, whereas here only 15.3% of them stated that their behavior would change in that case. Probably these respondents are either not aware of the fact that prejudices result in certain attitudes [12] or they do not admit that they behave differently as a result of a negative stereotype.

An attitude-statement examined whether the respondents trust less in the given foreign partner due to negative stereotypes. The findings show that the level of trust is also affected by negative stereotypes as 18.5% of the respondents reported lower trust-level due to negative stereotypes, and 32.3% of them reported partly decreased trust-level. This result also indicates that negative stereotypes have an influence on cross-cultural business negotiations as the lower the trust-level is, the more difficult the communication is.

The introduced research findings suggest that both positive and negative stereotypes affect the behavior of the respondent Hungarian negotiators. Positive stereotypes facilitate the business relations and thus the negotiations too, whereas negative stereotypes render both the relations and the negotiations difficult by making the negotiator prejudiced, changing the behavior of the negotiator, and by lowering the level of trust. All these show that to some extent stereotypical way of thinking characterizes the respondent Hungarian negotiators and also distorts their behavior; therefore the second part of the assumption is accepted.

Obviously, the research has its limitations. First, the sample is not representative as there were predetermined criteria for the sample, however, the results characterize the respondent Hungarian negotiators, and thus conclusions referring only to them can be drawn. Secondly, the size of the sample also sets limits to generalizations. Finally, the data of the quantitative research are self-reported which can be a source of bias.

V. CONCLUSION

The paper discussed the importance of cultural differences from the viewpoint of Hungarian business negotiators as well as the effect of stereotypes on their behavior in case of cross-cultural business negotiations.

The results of the investigation into cultural differences and the impact of stereotypes seem to indicate that the respondent Hungarian negotiators lack some cultural knowledge which often causes problems and misperceptions during cross-cultural negotiations. It was also found that stereotypes influence the behavior of the respondent Hungarian negotiators as stereotypical way of thinking distorts their behavior to some extent, which also affects their negotiation style.

A general conclusion of the paper is that Hungarian negotiators must consider cultural differences when negotiating with a culturally diverse partner so that problems could be avoided and the relationship could be successful. In order to do so and to gain some cultural knowledge, Hungarian negotiators should participate in intercultural trainings. This could even lower the possibility of stereotypical way of thinking; therefore conducting business with a foreign partner could be easier.

A possible extension and future direction of the research is to explore what makes Hungarian negotiators think and behave according to stereotypes as well as to reveal what causes the lack of cultural knowledge in their case. Knowing these things may help them be more culturally competent negotiators.

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