The importance of cultural intelligence in negotiation

Professor Zhenzhong Ma conducts unique research into what makes negotiation effective. He elaborates on why his findings are of particular relevance in today’s increasingly globalised world, and the practical and theoretical implications of his discoveries.

Researching negotiation effectiveness is a relatively new field of enquiry. Why has it suddenly become important to study this topic?

The 21st Century has presented us all with an increasingly globalised world market. With globalisation, geographic boundaries have been rendered less significant; furthermore, multinational companies have engaged in more international negotiations in areas such as strategic alliances, overseas sourcing agreements and other cooperative agreements to maintain their competitive edge. However, negotiating with people from different cultures can be challenging because cultural barriers can easily cause misunderstandings that impede effective interactions. It is therefore becoming more important to study this topic in an international context so that managers and negotiation practitioners can improve their negotiating effectiveness.

What piques your interest in exploring this subject?

I am the Director of the Centre for Asia-Pacific Studies at the Odette School of Business, University of Windsor, Canada. This role involves a lot of travelling to provide consultation and training on business negotiation in a variety of countries. What amazes me in my experiences is how little our businesspersons – even high-level corporate executives – understand cross-cultural differences in international businesses and negotiations. This is obviously a big disadvantage considering they often make deals or negotiate across the globe.

This intriguing phenomenon drives me to explore our managers’ cultural intelligence in cross-cultural negotiations, which I believe has become an increasingly important and essential capability for building long-lasting relationships in international businesses.

What are the main aims of your work on intercultural negotiation interactions?

The main objective of my research is to help develop a better understanding of the most useful skillsets for intercultural negotiations. Over the past few years I have been attempting to answer the question of what predicts intercultural negotiation effectiveness, and how international managers and negotiation practitioners can respond more effectively to the global challenge. Many of my publications and consulting work focus on cultural intelligence’s impact on the effectiveness of cross-cultural negotiation, and on identifying different elements of cultural intelligence, as well as appropriate negotiation strategies in helping improve negotiators’ effectiveness in new cultural settings.

Your research found that highly extroverted individuals and open-minded people had better intercultural negotiation skills than those with absolute ethical positions. Were you surprised by this discovery? Did you uncover anything else?

I was not surprised with the findings that highly extroverted and open-minded people are more culturally intelligent, especially given that they tend to be more intellectually curious, have a preference for variety and are more willing to entertain new ideas, which are all often a requirement for successful intercultural negotiations.

My research also shows that culturally intelligent negotiators are willing to make adjustments in notions and activities in accordance with new ideas and situations. They are more likely to take the interests of their counterparts – alongside their own – into consideration, understand negotiation strategies that might otherwise be deemed unethical or inappropriate, are more likely to engage in open-minded discussions, and less likely to have a ‘win or lose’ orientation in defining negotiation situations.

How is your research contributing to the negotiation field at both a theoretical and practical level?

My ongoing research builds upon contemporary studies on cross-cultural interactions. It is addressing important issues within a context of globalisation, where cross-cultural interactions are so commonly engaged it becomes a must to be able to effectively negotiate with people from different cultural backgrounds. Finding answers to these questions will provide negotiation practitioners and policy makers in relevant fields with valuable insights on what makes successful intercultural negotiations.

Besides its practical importance, my research project also differs from traditional cross-cultural studies, representing an original research approach and significant contribution to the cross-cultural negotiation literature. Traditional approaches have largely been inconsistent in obtaining meaningful variables that can predict cross-cultural negotiation effectiveness. The cultural intelligence perspective is expected to assess the impact of people’s strategic capability of adaptation to different cultural settings on intercultural negotiation effectiveness. Such an approach is more justifiable and potentially more powerful in predicting cross-cultural negotiation effectiveness, and is thus more likely to answer the question of what predicts intercultural negotiation effectiveness. This represents an important step towards a better understanding of – and a stronger theory on – cross-cultural negotiations.
Understanding the differences between us to benefit all

A researcher at the University of Windsor, Canada, is investigating the notion of cultural intelligence to assess an individual’s capability of adaptation to new cultural settings. In specifically identifying the impact of cultural intelligence on intercultural negotiation effectiveness, a new direction is heralded.

Depending on who you ask, there are between 189 and 196 independent countries in the world today. Irrespective of which countries do or do not recognise the formation of others, all must presumably be in agreement that there are a multitude of different cultures around the globe. While cultural differences give colour to the world, encourage an appreciation for diverse attitudes and customs and, importantly, give people the opportunity to gain new experiences, there are also a range of potential problems.

Indeed, the 21st Century has ushered in an increasingly globalised world, where international trade, communications and business transactions are part of the everyday experience of many companies. A significant number of corporations operate in several different countries at any given time. Thus, there is an ever-increasing need to be reliant on effective negotiation practices; in particular, ones that take the inherent differences between cultures into account when conducting business to provide benefits to all parties.

Some people are more effective negotiators than others, and it is important to ask why this is so: how do the best negotiators act and think differently to those who are not as effective? To address this question, researchers have examined the various factors involved, and the ways in which such factors impact upon negotiation effectiveness.

ON CULTURAL INTELLIGENCE
The practical implications of being able to negotiate effectively with people from different cultures around the world has proved a key justification in developing cross-cultural negotiation theories. However, the vast majority of research on negotiation has focused on being comparative. With that in mind, Professor Zhenzhong Ma, based at the University of Windsor in Canada, has taken a fresh, innovative approach to this field of enquiry by building on a relatively new concept – that of cultural intelligence and how it impacts on intercultural negotiations.

Cultural intelligence is a new construct that has been developed in light of the increasingly globalised world in which we live. It strives to assess the capability of individuals to successfully adapt to new, unfamiliar cultural settings. “Interactions in the globalised world require individuals to be sensitive to different cultures,” explains Ma. “They need to be capable of analysing them as they are encountered, identifying what is required of people from other cultures, and engaging in appropriate interaction strategies with them.” Thus, cultural intelligence can be seen as the bedrock of securing a competitive advantage and a necessary strategic capability for successful and effective intercultural negotiations.

TWO HEADS ARE BETTER THAN ONE
Ma’s research set out to measure the effectiveness of high cultural intelligence during the negotiation process in an attempt to quantify that particular skill. Cultural intelligence can be considered as a multifaceted construct, with four distinct aspects: meta-cognitive cultural intelligence, cognitive cultural intelligence, motivational cultural intelligence and behavioural cultural intelligence.

Those individuals who repeatedly show an ability to successfully engage with the process of intercultural negotiations are said to have high cultural intelligence.

In addition to this, Ma’s research has discovered that the effectiveness of high cultural intelligence manifests itself at the dyadic level. Culturally intelligent negotiation dyads, that is, groups of two people, are more able to maintain integrative negotiation strategies, rather than...
The Principles of Negotiation

The course of Ma’s research has uncovered several findings that have led to the development of some general principles for successful negotiation strategies. Ultimately, negotiation practitioners should always keep an open mind and maintain a firm but flexible position for win-win solutions. More specifically, Ma has compiled a list of suggested rules for effective intercultural negotiations:

- Assume the other side will have different, culturally specific negotiation strategies until both sides begin to share a similar understanding of what are appropriate practices in a given cultural context.
- Describe negotiation issues or problems, rather than evaluating the issues, to explore opportunities for win-win solutions; avoid being judgemental or using ‘finger-pointing’ tactics.
- Empathise with those you are negotiating with to better understand one another; put yourself in others’ shoes to create a culturally intelligent perspective.
- Treat your understanding of cultural differences as a working hypothesis that is constantly tested and verified – something of crucial importance for culturally intelligent negotiators to consider, especially given the challenges associated with globalisation.