

Europe and Asia: Differences of Mentality and Their Impact on Commercial Negotiation

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Abstract

The article presents the negotiation of an Everest expedition between a Romanian team and the Sherpa representatives. The originality of this paper consists, on the one hand, from the fact that there is little research concerning the negotiation between the Romanians and the Nepalese, and, on the other hand, from the fact that the author herself, though not the leader of the negotiation team, was a member of the Romanian expedition and thus has first hand knowledge of the process.

Keywords: *business negotiation, intercultural negotiation, Everest expedition, Romania, Nepal*

Introduction

Why have I chosen this research theme? There are two main reasons behind this research. First, I am interested in cultural differences, in the way a culture affects an individual and his relations to the world, I am passionate about traveling and understanding cultures is very important to me, and because I wanted to follow my passion but also have a good research theme, I have chosen International Negotiation and the impact of cultural differences on it. There are many theories and dimensions that try to explain each culture, but true experience is the one that gives you a clear imagine over the culture you explore, so that is why for my case study I have chosen the negotiation of an Everest expedition, by a Romanian team. Also I have chosen Nepal because it is a country that I really liked and enjoyed, with a beautiful culture, people and nature. Second, Asia, is becoming one of the most interesting destinations in doing businesses, with high potential and cheap labor force.

Research Methodology

In this research I used the deductive approach, because this research starts from the existing cultural theory, negotiation theory and cultural intelligence, which are greatly represented in literature, and from it I developed my observations and findings. But my research has also a small

intuitive part, because I am using a qualitative method, which is exploratory by nature, because I would like to understand the Nepalese negotiator's behavior influenced by culture and cultural intelligence, and in relation with other negotiators.

I did this by being present when the Romanian Everest team negotiated the prices and products for the expedition with the Nepalese representatives, in March 2014. And before this I noted and observed the way the conversation between the parties was evolving, a part of the negotiating process took place online, by e-mails and Skype.

In my study the actors are the two Romanian expedition members and the Nepalese representative of the agency, which I have studied for a period of 12 months, both when they were at distance and when they were in the same place.

After collecting the data, the observations will be interpreted and hopefully the research will establish the cultural differences between Romanian and Nepalese negotiators. The results will contribute to better understanding the negotiating style and business behavior of both cultures and what are the similarities and differences between them. By my study I hope to have a better understanding of the Nepalese culture and maybe to be of use, in the future, for other Romanian people that will do business with the Nepalese.

Comparison between the Nepalese and the Romanian cultures

The differences and similarities between these two cultures will be examined based on Hofstede's, Hall's and Trompenaars dimensions.

Regarding Power Distance, both cultures have a high score on this dimension, Romania more than Nepal, so both are hierarchical societies, in which everybody has a place and which needs no further justification. Hierarchy in an organization is seen as reflecting inherent inequalities, centralization is popular, subordinates expect to be told what to do and the ideal boss is a benevolent autocrat.

Regarding Individualism, both countries have a 30 score, which means that they are collectivistic societies, with accent on long-term commitment, family, relations, etc.

Regarding Masculinity, both countries have a similar score of 40, which means that both are feminine societies, managers strive for consensus, people value equality, solidarity and quality in their working lives.

Regarding Long-Term Orientation, Nepal has the characteristics of a long-term society, Romania is in the middle of this dimension, with characteristics of long and short orientation.

Regarding Indulgence, Romania is a Restraint culture, while Nepal is more Indulgent.

High-context or low-context, both Romanians and Nepalese belong more to a high context dimension. Business and private life are often interconnected, communication is very often implicit and at many times communication has a double meaning and relies heavily on the context.

Monochronic or Polichronic, both cultures are polichronic cultures.

From the point of view of universalist versus particularist orientations, both countries are particularist cultures, which can make communication easier between them.

From the point of view of individualist versus communitarian orientations, both countries have a collectivistic approach, Nepal is more collectivistic than Romania.

From the point of view of internal direction versus outer direction, Romania is internal directed, while Nepal is outer directed, while Nepal culture is focused on interaction and avoiding conflict, Romanians are not, that is why during our negotiations, the Romanian team was more aggressive than the Nepali agency.

From the point of view of neutral vs. emotional, Romania is in the middle and Nepal is a neutral country, during negotiations this may pose some difficulties, because the Romanian negotiator may not interpret correctly the Nepalese reaction, and may lead to confusion.

From the point of view of specific vs. diffuse, both countries are diffuse.

From the point of view of achievement *vs.* ascription, Romania is in the middle, there are remnants of ascription because we respect hierarchy and title, but in the same time we value achievement and performance. Nepal is an ascription culture.

From the point of view of sequential time vs. synchronous time orientation, both cultures are synchronous

So both cultures are almost similar, with small differences, but in real life, differences are quite big. If Nepalese can do with quiet moments, Romanians are not good with them, and if Nepalese often hide their emotions, and keep calm, Romanians are not that good at it, also Nepalese are very attached with their traditions and beliefs, Romanians tend to

forget about them sometimes. And also a huge difference is related to religion and the values that it shares.

Negotiating a mountaineering expedition on Everest, between Romanian and Nepalese negotiators

My case-study is related to the negotiation of a mountaineering expedition on Everest, for a Romanian team of 4 members.

"Since the late 19th century, adventurous spirits have been fascinated with the ascent of the highest mountain in the world. Mt. Everest which rises to an imposing 8850 meters (29,030 feet), and after 29 years of numerous attempts, Sir Edmund Hillary and Sherpa Tenzing Norgay became the first people to stand on the elusive summit on May 29, 1953. These courageous climbers ascended through to the South Col from the Khumbu Glacier, and continued their ascent to the summit via the Southeast Ridge. Their route is now referred to as the Normal Route."¹ We did not chose this route, but the North Route from Tibet, which is more technical and the temperatures are lower and the wind blows stronger than on the South side.

What is an expedition? Expedition refers to mountaineering which involves setting up a number of camps, with all that you need, and then proceed to climb. Expedition also means the use of fixed ropes, and climbers (and the porters/ Sherpa they often employ) will go up and down the mountain in the process of acclimatization and to set up camps.

The season for climbing Mount Everest is during April and May. In the winter low temperatures and winds make climbing very difficult and between June and September the monsoon causes storms and a lot of rain and snowfall. A typical expedition takes about two or two and a half months.

Organizing an expedition is a very long and difficult process, except for the equipment, which needs to be the best and the easiest, there are a lot of other thing you need to pay attention to, like vaccines, transportation, visas, food, technical gear (GPS, Laptop, Satellite phone), having a good team and good Sherpa, etc.

Stages of the negotiation process:

The diagnosis of the situation. The negotiation began via internet, on skype and by emails, and continued and finished in Nepal, before the

¹ <http://www.shambhalatrekking.com/nepal/expedition-mount-everest.php>

beginning of the expedition, and it started with us asking for a price offer from 3 companies, to have a good idea of the costs. The 3 companies that we picked were companies recommended by other alpinists who were going in the Himalayas. Because Sherpa Adventure had a good price and good recommendations we decided to go with them, and proceeded to contact them.

Setting objectives and anticipating those of the other side. Our objective was simple, we had to obtain a smaller price than the initial one, because we did not have all the funds, and the time was short. The other side's objective was not to lower the price too much, but for this, we had some advantages, first we were his only clients for that season and second because of the outer direction orientation they avoid conflict and prefer to keep long-term relations.

The development of the negotiation strategy, we had a work plan of how the negotiations should be and also established our roles in the negotiating team. Adrian was the boss, Tiberiu was the bad guy and I was the nice one.

The actual organization of negotiations. In our case it was a very informal setting, first via internet, skype and emails and in Nepal, we had three meetings at the agency, two lunch meetings and one dinner. We did not have an official agenda, but we knew what we needed to discuss about, the logistics were very good, we had transport, accommodation, also all the necessary documents were provided by Sonam.

Onset negotiation. At the beginning of the negotiations - the first meeting with the partner - two main objectives are pursued: creating a climate of trust between the parties to the smooth conduct of negotiations and study the partner for knowing its real interests and motivations. In our case, this was a two phase process, first online and then face to face. Online we managed to create a climate of trust by our recommendations, by our partnership with the government and by the fact that the two boys knew the Sherpas from Sonam's company. Regarding the study of the partner we knew what his purpose was, not to lower his price too much. In Nepal we maintained this climate of trust by our way of conducting, we also brought some gifts for everyone and a very important proof of our intentions was the fact that we paid a part of the expedition before arriving in Nepal.

Negotiations. The first time we asked for a price offer was in 2013, as seen in Annex 1, all the services and costs are described there. The price began at Package Rate Per Summit Member US\$24,500 per person plus

additional costs, but because in 2013 we didn't raise enough money we decided to try again in 2014 when a new price offer was asked. But in the next year prices changed, and Sonam asked for a much larger sum, as we can see in Annex 2, he began from a position of force, but left room for negotiating. The new sum was Package Rate Per Summit Member US\$ 32,000 per person.

The communication by email was good, Sonam responded fast and in a polite and friendly way, but at the same time maintained a distance. He was open to new propositions and tried to offer us solutions. Here we can see the fact that Nepal is a neutral culture and they do not show their emotions during negotiations.

In the first phase of the negotiations he held his position, without budging, but after we came with another offer, from a competing agency he was open to negotiation. The Romanian boys played the two roles of good guy/bad guy.

Team Member 1, 50000 euro for all 5, full package, 2 per summit, 2 abc, everything included

Sonam Sherpa, 50000 euro or \$, For bc member how many days?

Sonam Sherpa, Difficult.

At the beginning he did not want to accept our offer, this was our last offer, after another round of negotiating.

Sonam Sherpa, Is around 65 k us\$, Maybe., Ok. What is your total budget, I had sent my rates.

Team Member 2, this is the budget, 50.000EUR

Sonam Sherpa, We can try to work on this, I will send my final proposal by Sunday.

Team Member 1, well Sonam, this is the maximum we have.

Team Member 2, 50.000 EUR for all is good, with the same benefits of course: European cook and food, Sherpas for the group, oxygen, north face V25 in higher camps, Dan said something about 10 Sherpas for the team, I think it's all his team, maybe around 13 - 15 people, it's not only us.

Sonam Sherpa, We negotiated prior to deposit sent. Now just before date I don't feel like renegotiating.

Team Member 1, we negotiated everything regarding Dan Mazur offers and you said you would give lower than him, this is Dan's offer regarding our group.

Sonam Sherpa, So what do you wish from my side?

Team Member 1 the best price and a successful expedition and to do good business if not, refund.

Sonam Sherpa Ok. So 50000 for 2 climbers. 2 bc and 1 north col.

So that he will not lose the client, he agrees to this much lower sum than what he had initially asked. One of the traits of the Nepalese negotiator is that they begin the negotiation from a very large sum, leaving place to bargain and to seem that he is making a great consensus with the other part, but from the start he has another sum set in mind.

Team Member 1, 2 abc, not bc, ok, how much is the refund?

Sonam Sherpa, Same same.

Sonam Sherpa Well tibi and adi. I don't want to get into this situation.

Team Member 1 , only us, oxygen -4 bottles per person, tents up, ropes put there, Kumar in abc Lhakpa with us, European food, we will make together the list of food, Sonam, all in all, this is it...Dan Mazur price for all of us 50000 euro, full service for 5 people in given condition, with 10 Sherpa for 13 persons, this means 1 Sherpa for max 2 pers, we expect from you a better offer than him and to schedule things, maximum Sunday at 12:00 nepali time pls

Sonam Sherpa, ok, my final quote is US\$ 80000, for 2 climbers- 2 nepali guide. 1 Northcol member, 2 BC member, 1 Nepali Cook and 1 Tibetan Kitchen boy. 6 Oxygen each for climbers.

After another round of negotiation the final price for the whole team, with all the services was US\$ 77600. The negotiation was though, with very little consensus at the beginning and more of a confrontational state when we were very close to canceling the expedition with Sonam and go with another agency. At some point during the negotiation Sonam lost his calm, because of the very difficult situation in which he was put, and tried to impose the final price and to end the negotiations, but the Romanian boys did not let him and forced his hand in continuing to negotiate, because we were his only clients for that season he was able to make a large discount and get to the sum that we had.

We broke the unwritten rule of no renegotiating, when a certain price has been agreed on by negotiators it is not adequate to continue negotiations for an even lower price. And this led to a state of conflict, that was resolved a few days later, but because of it, when we arrived we were looked at with suspicion.

When we arrived in Kathmandu everything was made to respect the tradition and bring good luck to the expedition, this is because Nepal as Romania is a long-term oriented culture, for which religion, rituals are important and have to be respected.

We had another round of negotiating in Kathmandu, regarding food, equipment and medicines. At the beginning all was very formal, the negotiation took a very long time, sometimes hours, was interrupted by phone calls or other problems, after a few days spent together the Nepalese become very friendly and open, after the climate of trust and collaboration was installed, this is also a trait of the collectivistic nature of the Nepali culture. We could talk about our problems openly and find a solution together.

We always had tea and coffee during negotiations, also we were meeting for negotiations at lunch or dinner and at the end of the negotiations we had dinner with Sonam's family. So the formality of negotiations disappeared with time, and with us knowing each other.

The fact that our cultures are very similar helped us develop good relations with the Nepalese. Our collective dimension and the fact that we were interested in a long-term relationship helped us to have a very good expedition and collaboration in the end, after all the points were negotiated and agreed on.

Because of Nepalese long-term orientation, we had to comply with rituals, when we left for the mountain we got prying flags and little pieces of paper with prayers on them, to be offered to the mountain gods, also when we got to Everest we had two puja ceremonies, to bring the goodwill of the gods and the success for the expedition.

Regarding the communication style and difficulties we had, because both cultures are high-context cultures communication it was sometimes difficult, because the messages were not always clear, a polite way of speaking was maintained through the negotiations and mutual respect was there, at some point during the negotiations Sonam's father came and all of us immediately showed him high respect was present, respecting his role and the status in society that he had. Because English was a common language, we did not have problems of understanding each other.

So even if we had our difficulties, and at some point the negotiation was slow and not making progress, at some point things cleared out, and the negotiation was a success for both parties, we had a good expedition and Sonam had clients that season.

The final negotiation. Completing negotiations can be achieved naturally by the parties covering all fixed points on the agenda of negotiations and the agreements on each one, and - finally - an agreement on the transaction as a whole. After we fixed the price, the equipment, food and medicines, we completed all the points on our informal agenda and reached to a compromise that both parties were good with.

Because our cultures have almost the same cultural dimensions, we had a good communication process and in the end all things were good, we managed to keep a good relation with Sonam, and by doing this for the next expeditions we will have a good price and a much easier negotiating process.

Conclusions

International Theory and practice established negotiation as a multidimensional, based on communication concept. This feature makes negotiation a complex and diverse content, and it makes it dependent of diverse factors, one of them is culture, which has a major role in the good progress of the negotiation process.

The distinct character of the cultural influence on negotiation is based on the cultural differences. All the manifestation of the cultural differences can be found in the negotiation styles: adaptation, avoidance, cooperation, competition and compromise are the result behavioral patterns of negotiators from different cultures. This affects the whole process of negotiation.

Parties rarely address issues in the same manner and use different strategies and tactics to achieve their objectives. Therefore, to ensure and improve the outcomes of international business negotiations continued efforts are needed to eliminate the effect of cultural distance.

At an individual level cultural knowledge, cultural awareness, adaptation capacity, flexibility and personality are required. International adaptation and cultural consciousness should represent the essential profile and personality of the negotiator who discusses topics of international business. Individuals involved in the negotiations should have a particular interest and a high sensitivity to other cultures, to communicate easily and have a great capacity for adaptation.

From my study, regarding the Nepalese culture and negotiators I have drawn a few conclusions. First, Nepal has a complex and very original culture. One of the main characteristics is the communication style that is still determined by the caste system, although modern ways of

communicating are being accessed by Nepalese people today, so they are making progress. Second, religion and history play a major role in the life of the Nepalese that bring with them inherited values that are not always easy to understand. One important factor is that when entering Nepal it is mandatory to have emotional competence, intercultural sensitivity and cultural intelligence. Emotional competence is needed as the Nepalese people are sensitive to persons that are able to express their feelings and interact with them easily on a personal basis. Cultural sensitivity is an asset that helps the foreigner in Nepal cope with needs and emotions specific to the Nepalese culture without making value judgments. Here it must be mentioned that Europeans tend to regard the Nepalese as Gypsies, which is a regrettable stereotype based on distortion, ignorance, and racism that does not reflect the reality and can create problems in human relationships. Nevertheless, Nepal, an unchartered territory for many business companies in the world, has a great demographic potential and can offer many business opportunities.

In conclusion, Nepal is a very good example of a market full of opportunities where business people can achieve success and develop successful businesses. For Romanian business people, it might be a country of choice for future investments and business development. As we can see in Figure 6 from page 39, services have a big impact in the GDP of Nepal, with a big growing rate, as seen in Annex 3. Also as we can see in Annex 4, a very large sum comes from the expeditions on Everest, and in Annex 5 we can see the sum that comes from expeditions on other peaks.

However, one should be aware of the fact that, apart from business acumen, cultural awareness, sensitivity and competence are three major “must haves” for starting and conducting successful business activities with companies/ business people from these remote countries.

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