

# International negotiations in the foundry engineering

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## Abstract

The aim of this paper is to introduce the essence of negotiations in general, which could find its application in foundry engineering. The paper is the result of long cooperation of the authors with foundry engineering and their participation in negotiations between the domestic and foreign companies. In this paper the essence and the rules of negotiations have been introduced. It presents also the skills and abilities of the negotiators. The cycle of negotiations and the following stages of negotiations have been also described. The authors have presented the characteristics of negotiations led by the partners from different parts of the world with particular emphasis on Asian and European countries as with these partners the negotiations in Polish foundries are mainly led.

**Keywords:** Found industry, International negotiations, Conflict

## 1. Introduction

Nowadays, the foundry engineering industry has been developing very intensively, especially in terms of generating the casts from high quality alloys both iron as also non-ferrous metals. It causes the considerable increase of the demand for casting materials. Such situation results also in the price increase of casting materials. However there is also tendency to reduce the price for 1 kg of the cast. Strong competition from China has also the significant impact on that as in China the price for 1 kg of the cast is the lowest in the whole world. It causes the conflict on the level: customer – foundry – the supplier of the casting materials. The second type of the conflict are the conditions of the technical

acceptance of the casts caused by the precise requirements concerning the utilitarian casting properties. The solution to the conflict are the negotiations.

## 2. The essence of the negotiations

The negotiations enable to control the process of reaching the agreement when facing the conflict as also influence the other participants of the conversations and form the final solution. From the data presented in the paper comes the conclusion that the negotiations are essential in 2 basic conflicts appearing in the foundry due to the reasons presented in the fig 1 and 2.

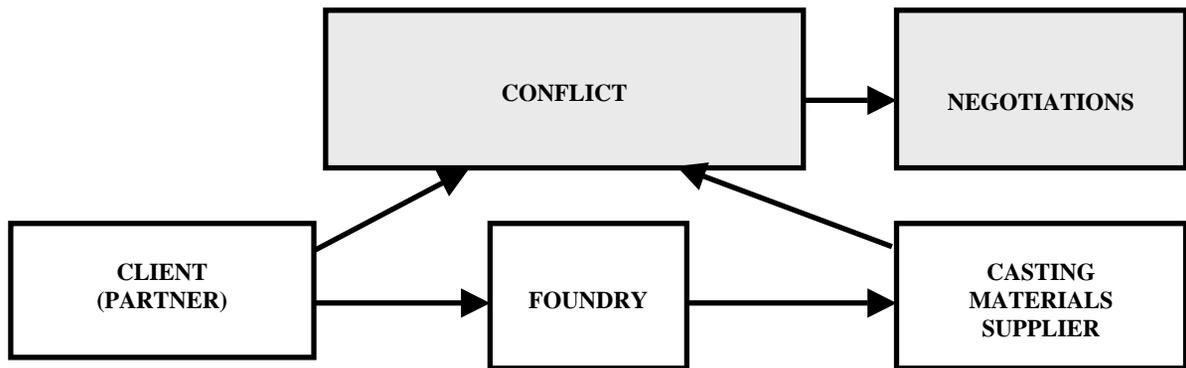


Fig. 1. Scheme of the conflict on the level: Customer – foundry- the supplier of casting materials

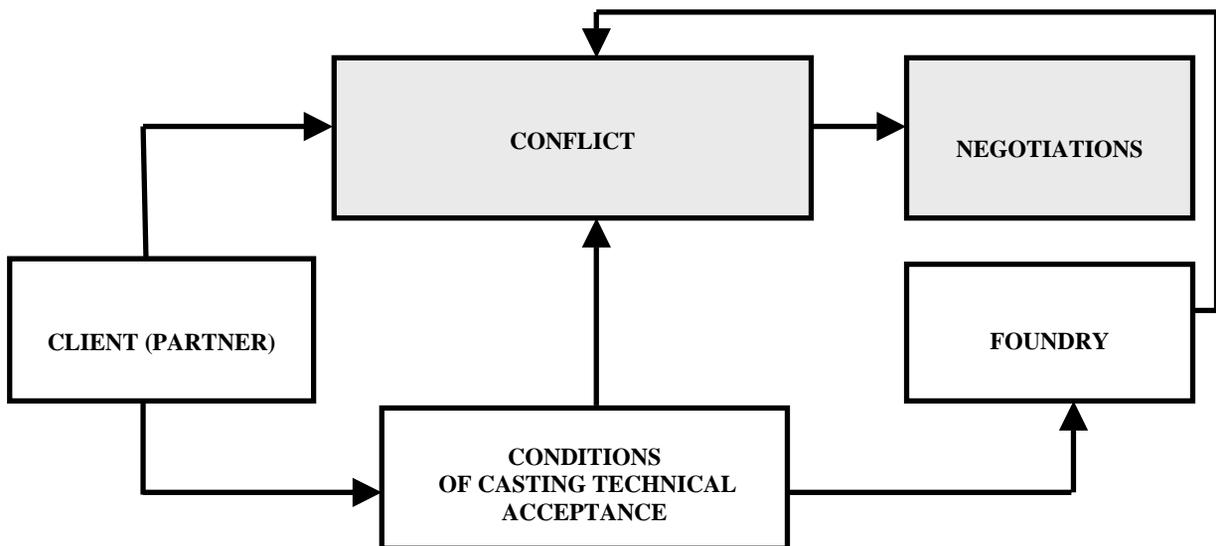


Fig. 2. Scheme of the conflict on the level: Customer – the conditions of technical acceptance- foundry

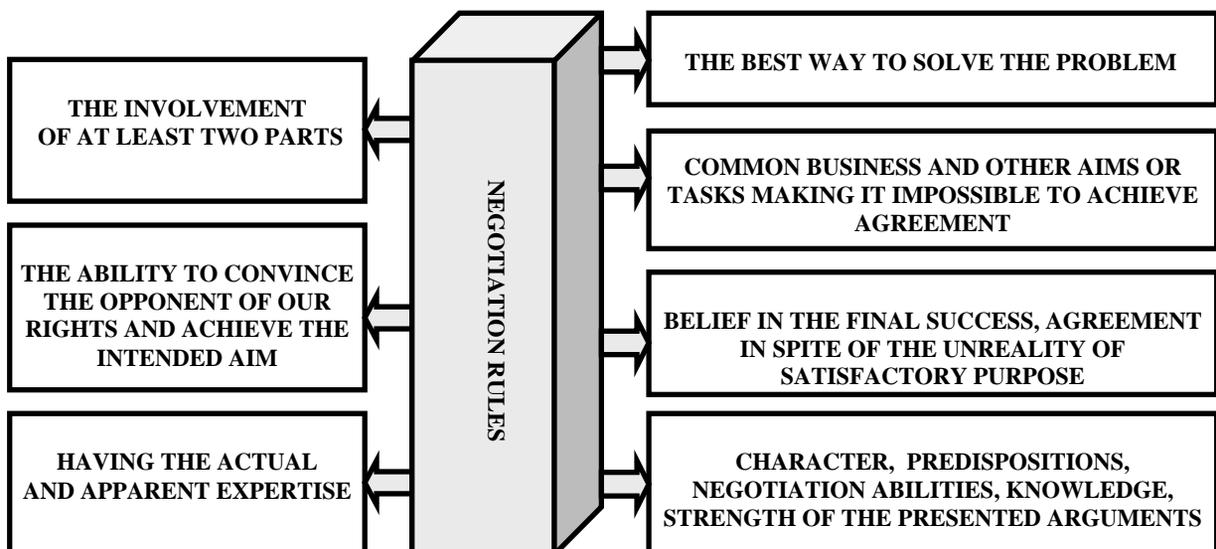


Fig. 3. Negotiation rules.

### 3. The negotiator features and abilities

The negotiation process is the art which, as others, requires from the negotiator mastering some basic abilities. The most important features of the negotiator are presented in the Fig 4.

These features make up the strong personality, the person is able to acquire the skills and the gift of convincing. The above mentioned skills together with the personal features, philosophy of surrounding treatment and negotiation instruments will build up the art of negotiation.

### 4. Negotiation Cycle

The negotiations cycle is a set of rules in precisely planned and processed negotiation actions. Fig. 5 presents the relationship between the conflict and the negotiation decision that is to be made.

The proper preparation for the negotiation process is far more important than the negotiations. The process itself consists of various steps and moves which should be made in the right order and in the right way and giving up of any of them or improper actions can influence the efficiency of the whole negotiations.

The process of negotiations consist of 4 main stages which could be developed and adapted to the personal negotiation needs. Fundamental stages of the process of negotiations are presented in the Fig. 6

The knowledge of the following negotiation steps influences achieving of the agreement efficiently by the both sides of the

conflict, if such is possible. The advantage could be achieved when our opponent doesn't know these steps. His behavior could be than chaotic, without the idea or thought which could become the efficient weapon in the battle for our postulates. Preparation and the understanding of all stages of the discussion and the conscious application of effective methods of the actions in each step of negotiations will create the chance for the success.

The fundamental issue are the negotiations with foreign partners. In the global economy in which all continents are the one, huge commodities and services market, the companies are making the negotiations with foreign partners more often. These negotiations are with representatives of various cultures, religions, habits, beliefs and ethical principles. In most of the negotiations the agreement between the representatives of one country is difficult to be achieved. The risk of breaking the conversations between the partners from different parts of the world is higher. In order to succeed in the negotiations with the foreign partner certain skills and experience is essential and the ability to cope with psychological and cultural barriers which have been presented in fig 7.

The barriers influence the whole negotiation process doubly. The risk of the final failure in the conversations is higher.

It also takes much more time to reach an agreement. Therefore, international negotiations are far more complex, expensive and longer process than solving the conflict in domestic negotiations. Nowadays, when we know that "time is money", such long negotiation process is the most difficult to accept. Below, the characteristic elements of the art of negotiating with foreign partners coming from different countries are described [3,4].

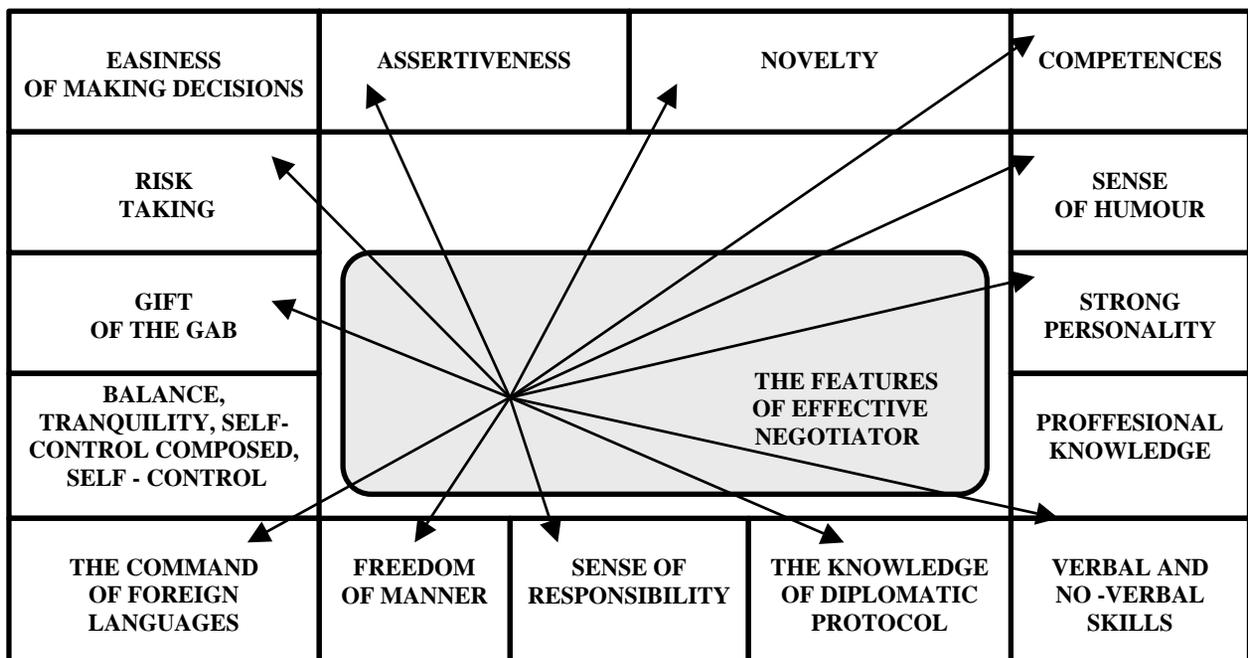


Fig. 4. The features of effective negotiator.

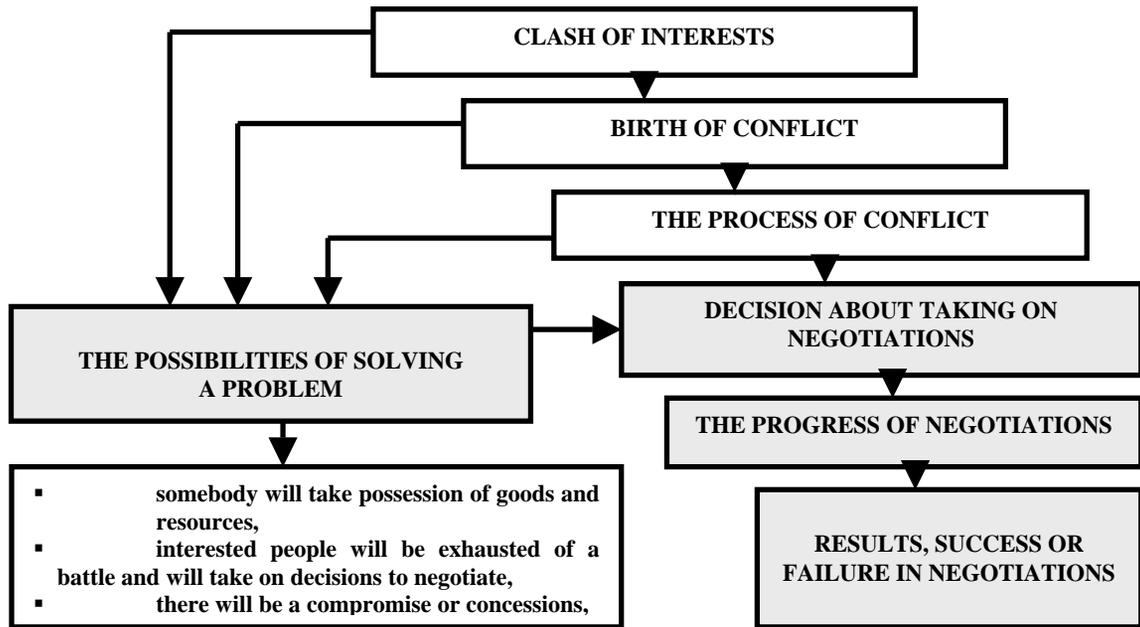


Fig. 5. Negotiation cycle.

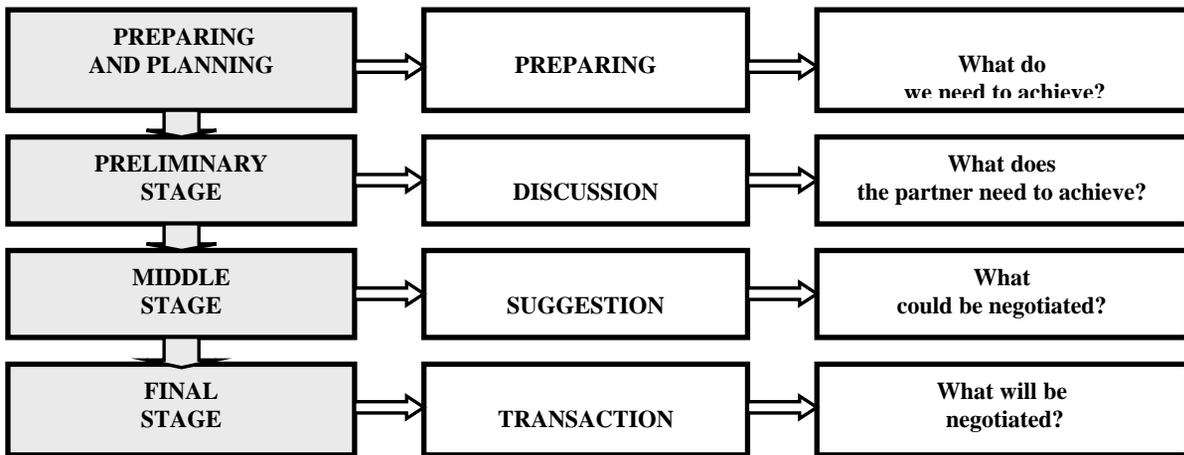


Fig 6. Stages of negotiation process.

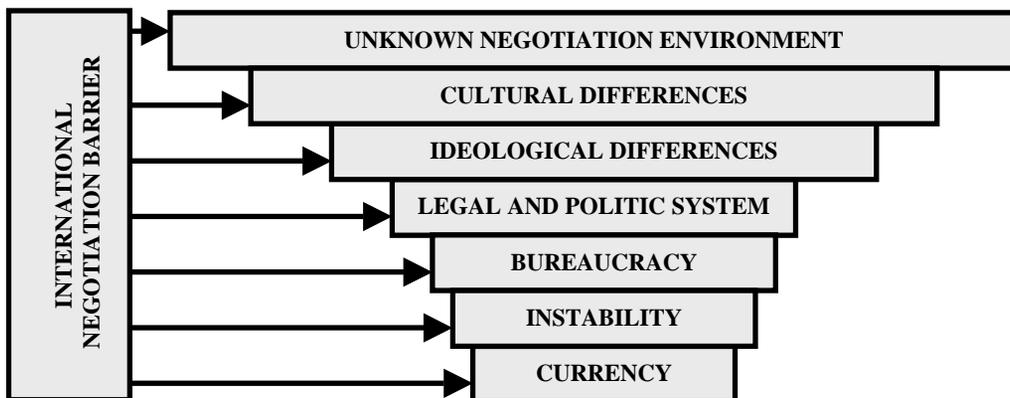


Fig .7. Barriers in international negotiations.

## **NEGOTIATIONS WITH PARTNERS OF NORTH AMERICA**

The dynamics, informality, impatience of the conversations and focusing on final results are the main features of conversations with Americans and Canadians. The negotiations with these nations last far shorter. Punctuality is of great importance for them ("time is money"). North American citizens are convinced of the fact that they can negotiate often and about everything from their everyday life. Therefore, many negotiation ploys and tricks are used by them. They make deals very actively and effectively. North American economy is highly developed. Negotiators of these countries focus on big and prestigious contracts. Their weaknesses are: low level of foreign languages command and other cultures, habits and mentality knowledge (sometimes these are the reasons of failure). Globalization of the world's economy made the negotiators from these parts of the world aware of the cultural differences and styles of conversations with representatives of other countries. But still, self-confidence, aggression and the eagerness to make deals as quickly as possible are the features that characterize them. The most proper answer are: obstinacy and determination, focusing on events and pushing their own points of view. The Americans are able to change their opinions after familiarizing themselves with the expectations of another party. Changing facts often makes spectre of impasse remote. Finally, there is a need to add the commonly known point – a North American calls everybody by the first name – in this way they create a relaxing atmosphere.

## **NEGOTIATIONS WITH PARTNERS OF LATIN AMERICA**

The major feature of Latin American negotiators is their unpunctuality. According to them, being late for the meeting or postponing the meeting is not tactless. They focus mainly on the nearest future and are quite sceptical when it comes to long-term plans. The very important aspect for Latin American citizens are: the hierarchy and the social status, therefore, negotiation process is conducted on the top level of an organization. The discussion with the person representing the middle level could end up with a failure. The Latin Americans do not trouble themselves with abiding by the schedules of the meetings. Their characteristics are: spontaneity, improvisation and constructing connections with the parties. They value dignity, friendships and relationships – it is the main key to achieve success. Getting trust of Latin American partners make the relationships firmer and makes the agreements and contracts possible in the future.

## **NEGOTIATIONS WITH PARTNERS OF WEST EUROPE**

The West European and North American negotiators have common features, first of all: punctuality, sense of time and the formality of the negotiation process. In spite of many common features, there are certain differences among particular West European countries. The most tough negotiators are Germans, who pedantically prepare all details of the conversations. They put particular emphasis on the most important issues.

Professionalism, effectiveness, tenacity, ingenuity, high demands for product quality – these are also mottos of our west neighbours.

British, on the other hand, are attached to their imperial traditions and stress their role in the world economy. They value oral arrangements and assume so called "fair play". They are good-tempered, reserved, grave, elegant, tactful and have specific sense of humour.

The French are sophisticated aesthetes, full of respect and courtesy for another party. But according to the public opinion they are ruthless and professional negotiators – executors. For the French, the most important are: honour and integrity, therefore already said words, answers and promises mean more than a written word. Negotiators are competent and professional, too. They value high quality of the products and services as well as professional skills. They also pay attention to financial arguments.

Italians, the Mediterranean culture representatives, are impulsive and spontaneous. They are dramatic and stogy. Spaniards and Portugeses are alike. Italian negotiators are careful negotiators. They can be also characterized with ability to change the mood easily, susceptibility to arguments of art and culture and attachment to the family. They put less emphasis on punctuality and the pace of talks.

Scandinavian negotiators are always prepared very well for negotiations. They concentrate mostly on the quality of a product, deliveries, and are less interested in the possibilities of prices negotiations. Their features are: professionalism, skillful planning of the schedule. They value privacy.

## **NEGOTIATIONS WITH PARTNERS OF THE MIDDLE EAST**

The typical features are: no sense of time and no punctuality. A lot of meetings are postponed and belated what makes the conversations longer. They rarely keep previously made arrangements. While negotiating with Middle East partners, you feel confused. The meetings are not organized. The conversations are interrupted by hosts regularly going outside who at that time arrange many other issues.

Negotiations with the Middle East people are philosophical – it is as important as the point of negotiations. We cannot forget about women discrimination by Middle East governments. In this region, the fair sex is of very low social status. To show respect, we should avoid women engagement in our negotiation group. The Middle East culture is very varied and rich, therefore, it is very important to prepare well for the negotiations. It is recommended to take advantage of the experienced agent who knows Middle East reality.

## **NEGOTIATIONS WITH PARTNERS OF ASIA**

Asian lands, like Japan, China or South Korea are becoming more and more important in the global economy. Taking into consideration a stable and prosperous Japan economy, or two – figure rise of China economy in the last couple of years we can state that the tendency of the development and strengthening in the world business is obvious. Characteristic features are: huge attachment to tradition, complex culture and religion. They concentrate on long-term processes. Therefore, calmness, self-

control and patience are the features which can guarantee the final success. Asians are characterized with collectivism and cooperation. Their typical feature is also breaking off the conversations if the result could be to their disadvantage.

The important aspect of their negotiations are building the personal relations with the partner and attachment to hard and rigid rules of the negotiation protocol. Knowing the partner let them enter the right stage of the negotiations. Asians like short meetings with presentation of the key points. Then they elaborate their considerations concerning the next meeting in the groups characteristic feature is also breaking off the talks if the finish could be to their disadvantage.

The important aspect of their negotiations are building personal relationships with the partner and attachment to hard and rigid rules of negotiation record. Japanese style of negotiations is very special. Two most important features are: subtlety and effectiveness. Their negotiation style is determined by the partners' positions. Social status is a very important element of negotiation, perceived in Japan in another way than for example in the USA where the difference between people status is unnoticeable. At the interpersonal level, the basic differences are mainly: sex, age, profession, education. In the trade relations, strong position is associated with the prestige, structure, the number of customers as well as the position of the negotiator. Japanese bosses have bigger control of personnel than their American colleagues and also demonstrate bigger care about subordinates, their professional development, fulfillment, satisfaction from work. The same applies to the relationships between commercial partners. Apart from the obvious purpose – the profit – the satisfaction of another party from the results of the discussions is important. Japanese negotiators want their partners to be ready for the long-term cooperation. They devote more time to get to know the prospective partners, in this way they are not disappointed in the future.

## NEGOTIATION WITH RUSSIAN PARTNERS

Starting the negotiations with Russians we have to take into consideration their complicated historical, political and culture backgrounds. They prefer, like Asians, working in the groups which they got used to. At first sight, they are reserved, careful and cold to their partners. They value expertise about culture and history in the conversations what makes them convinced they exist in superpower. Negotiations with the east partner are difficult and full of distrust what originates from the system they have been living in. Because of the fact they could not trust their relatives and friends, they could not trust a strange person. Among the problems of this part of the world are also: unsettled political situation and common corruption. These problems are nothing when the Russian have a chance to entrance on the prospective and huge world market. The most important thing is to cut the impasse of mutual cold. If we gain respect and trust of a Russian, we could expect their hospitality, generosity, demonstrative friendship what sometimes is difficult to understand and troublesome for the partner, especially when it comes to embracing or giving kisses, what is often regarded in the Russian

culture as a way of showing respect, trust and friendship. Apart from all, it is better to have friends on the east because we know proverb: "In the business with Russian you make profit or lose everything" [ 4, 5, 6-8].

## 5. Conclusions

In international business negotiations between partners from different countries cultural differences are inevitable. Among the ones that may affect negotiating styles are: time orientations (monochromic countries: United States, Germany, Switzerland, Scandinavia, Japan; polychromic countries: France, Italy, Greece, Mexico, some Eastern and African countries), nonverbal communication (silence can have different meanings in different cultures – Japanese – use the silence often, Americans – in moderation, Brazilians – almost none at all; power distance – cultures where there is comfort with high power distance are those where some people are considered superior due to social, status, gender, race, uncertainty avoidance (countries showing the most discomfort with ambiguity and uncertainly: Arab, Muslim, African countries): conformity, safety, risk avoidance, formal rules and rituals – countries with higher tolerance for uncertainly: United States, Singapore, Scandinavia, risk – taking, problem – solving, flat organizational structures; high tolerance for ambiguity, masculinity - femininity – degree to which a culture values give the social support, degree to which socially prescribed roles operate for men and women: Japan and Latin America assertiveness, task-orientation, achievement, Scandinavia, Thailand, Portugal.

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