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THE "ABC" OF INTERCULTURAL NEGOTIATIONS

Dr. Berhanu Mengistu & Dr. Samuel Adams

Abstract

Globalization of the world economy has resulted in an increased interdependence between nations around the world. Cross cultural skills have therefore become increasingly important as more and more people from different countries study, work, and live together. The paper examined two main aspects of culture; first, as a dynamic concept, and second, as both a barrier and a bridge in cross-cultural negotiations. The discussion leads us to conclude that what is different is not necessarily inferior and what is familiar is not always the best. We argue that while the development of inter-cultural competence may be difficult to learn and apply, when we accept the boundedness of our rationality and awareness, we will be more willing to open ourselves to self discovery to minimize intercultural differences in negotiations.

Introduction

Globalization of the world economy has resulted in an increased interdependence between nations around the world. More and more companies not only do business abroad but they also have subsidiaries as well as joint ventures or strategic alliance partners in other countries. Cross cultural skills have become increasingly important as more and more people from different countries study, work, and live together (Matejovsky, 2005). This increasing interdependence of people has made negotiations very important in domestic, national, and international discussions. It is therefore not surprising that negotiation has become one of the most popular business school courses beyond the core requirements (Thompson and Leonardelli, 2004).

In recent times, many studies have been done to examine the impact of cultural differences on negotiation outcomes (Faure and Sjostedt, 1993; Gannon, 2004; Gelfand and Cai, 2004; Kumar, 2004; Vachon and Lituchy, 2006). The analytical issue then is not whether culture is at play, but rather the degree to which culture affects the negotiation process. This paper seeks to achieve two main objectives. First, the study is motivated by the fact that most analyses on culture have discussed the cultural construct in static terms, where it is treated as a unitary phenomenon whose influence on its members is deterministic (Berthion Antal and Friedman, 2003). However, in the dynamic ABC model proposed in this study, we show that culture cannot be compared to computer software that functions predictably the same way each time it is used in particular situations (Faure and Sjostedt, 1993). Rather, in each particular situation, culture helps the individual to give meaning to reality when confronted with it. Thus, culture has an affect on and is in turn also affected by the negotiation process.

The second objective is related to the idea that cultural differences can serve as a bridge or a barrier to the negotiating process depending on the cultural competencies of the negotiation parties (Schein, 1985). As a result, we argue that looking at only the negative effects of culture on negotiation does not tell the whole story. Indeed, while cultures differ in needing to make some kind of response, they share the same fate in having to face up to the different challenges of existence (Trompenaars, 1996). Consequently, the social context of the negotiation process and the skill of negotiators are key determinants of negotiation success. In the rest of the paper, we discuss briefly the concepts of culture and negotiation, after which we examine how culture can affect the negotiation process. Finally, we offer some implications, recommendations for future research, and concluding remarks.

Negotiation

The hundreds of studies on negotiation encompass a broad range of definitions. Faure and Sjostedt (1993, p. 7) define negotiation simply as a method of conflict settlement. The purpose of which is to find a formula for the distribution of a contested value or set of values between the negotiating parties. Thomas and Inkson (2004, p. 117) define negotiation as a special communication situation, one that is of particular importance in cross cultural business settings, in which the objective is often for people to overcome conflicting interests and to reach an agreement that is advantageous to both parties. The definitions above signify the presence of a relationship between two parties seeking to resolve a conflict. The negotiation process includes not only the one-on-one business meeting, but also involve multiparty, multicompany, and multinational. Thus, the negotiation situation is characterized by two or more interdependent parties who have a conflict of interest, and who choose to address the conflict by striving to reach an agreement through a process of mutual adjustment of each party's demands.

There are many models that have been put forward to explain negotiation behavior (Brett, 2001; Faure and Sjostedt, 1993; Hefferman, 2004; Sawyer and Guetzkow, 1965); however, one that is of interest to this study is that of Sawyer and Guetzkow (1965). Sawyer and Guetzkow (1965, p. 467) argue from a social-psychological perspective that indicates that a negotiation may be considered as being composed of five aspects i.e.:

- Goals motivating the parties to enter and sustain,

- The process of negotiation itself, which involves communications and actions leading to,

- Certain outcomes that are influenced by,

- Preexisting background factors of cultural traditions and relations between and within parties, and

- Specific situational conditions under which negotiation is conducted.

This classification gives attention not only to the problems of negotiation, but also to such processes as establishing the domain of initial concern and searching for new alternatives or arranging for the execution of negotiated agreements. Sawyer and Guetzkow's (1965) framework emphasises that the study of negotiation involves not only the process within the negotiating chamber but also what occurs around it, before it, and after.

Culture

Culture is a complex concept, and no single definition has been acknowledged. Although debate over the definition of culture has raged for several years, there is only now a somewhat a consensus about its meaning especially in the international business and management literature (Friedman and Antal, 2005). Brett (2001) defines culture simply as "the unique character of a social group."

Gannon (2004) offers a more activist definition, which shows culture not only as a set of shared and enduring meanings, values, and beliefs that characterize national, ethnic, or other groups but also orient their behavior. Similarly, Schein (1985) argues that culture can be seen as a pattern of basic assumptions - invented, discovered, or developed by a given group as it learns to cope with problems of external adaptation and internal integration. Further, Faure and Sjostedt (1993) assert that in the short-term culture should perhaps be seen as a kind of structure conditioning human behavior. In the long-term perspective, it is a dynamic social phenomenon. Recognizing the dynamic nature of culture prevents people from framing the cultural concept as being deterministic - particular differe-

nces leading to particular outcomes. Schein (1985), for example, argues that overt behavior is always determined by both the cultural predisposition (the assumptions, perceptions, positions thoughts, and feelings that are patterned) and by the situational contingencies that arise from the external environment.

The limitation of the above definitions is that culture is identified basically as a psychological construct. From a comprehensive perspective, Lytle, Brett, Barsness, Trisley and Janssens (1995) define culture as both psychological (subjective culture), including a society's unique profile with respect to values, beliefs, and norms; and institutional (objective culture) including a society's characteristics, laws, and social structures such as schools and government agencies that monitor and sanction behavior. Bennett (1998, p. 7) refers to the objective as the upper-case culture and the subjective aspects as the lower-case culture. Finally, Kluckhohn and Strodtbeck (1961, p. 11) claim that every culture seeks to make sense of the world by answering five main questions:

(a) What is the character of innate human nature? human nature orientation)

(b) What is the relation of man to nature (and supernature)? (man–nature orientation)

(c) What is the temporal focus of human life? (time orientation)

(d) What is the modality of human activity? (activity orientation)

(e) What is the modality of humans to other humans? (relational orientation)

Kluckhohn and Strodtbeck's (1961) dimensions is one of the most used systematization of the cultural concept used by Hofstede (1984), Hall (1976), Schein (1985), and Trompenaars (1996).

The various conceptualizations of culture shows how it contributes to individual and group identity in giving people a sense of who they are, of belonging, of how they should behave and of what they should not be doing (Harris and Moran, 1991). What is also clear from the definitions above is that culture has both invisible and visible components; what Kimmel (1994) describes as the externalized and internalized cultures. The externalized culture refers to the mutually shared perceptions of a peoples' symbolic environment (both social and physical) and internalized culture refers to the subjective, cognitive, perceptual and communication habits unique to the individual. Schein (1985) explains the external and internal nature of culture succinctly with his model of three levels of culture and their interactions. Level 1 describes the basic assumptions or essence - it is at this level that people search for meaning of behavior (Schneider and Barsoux, 1997). Level 2 or values reflects what ought to be (good or bad) for a particular group of people. Level 3 is the most visible part of culture and is related to the constructed physical and social environment. At this level, one can look at physical space, the technological output of the group, its written and spoken language and the overt behavior of its members. The webs of meaning created by a group of people therefore are intricately woven between the various elements and layers, which help to provide consistency and durability (Schneider and Barsoux, 1997).

Culture and Negotiation

Culture may have a main effect on choice mediated by cultural values, beliefs, norms institutions, or it may interact with situational features. Where culture's effect is direct or the result of an interaction, unpacking the effects of cultural values, beliefs, norms, and social institutions relevant to choice in social dilemmas hold the most promise for effective management of global social dilemma (Brett and Kopelman, 2004).
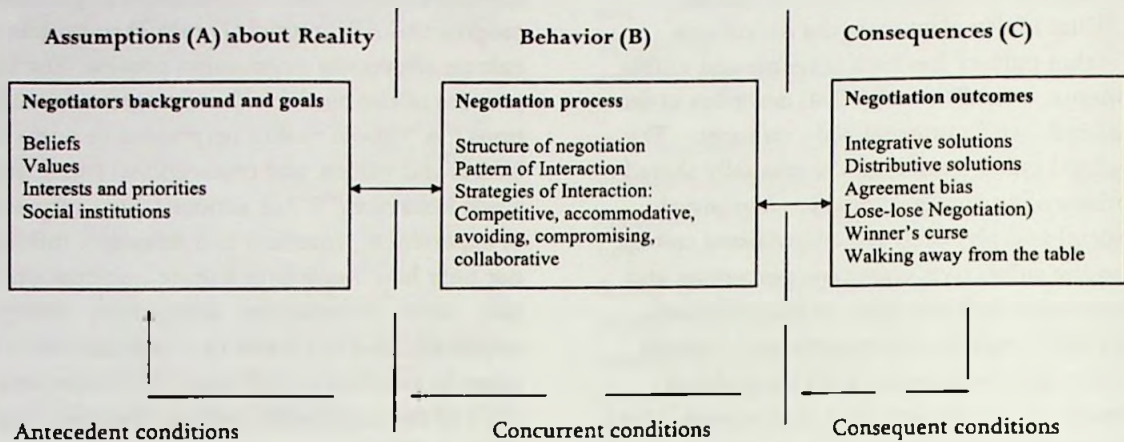
Starting from the point that negotiation is a continuous process with antecedent, concurrent, and consequent phases (Graham et al., 1994; Sawyer and Guetzkow, 1965) and Faure and Sjostedt's (1993) the five phases of negotiation, we propose the ABC model (Figure 1) to explain how culture affects the negotiation process. The basic premise of the model is that a negotiator's assumptions ("A") about reality (expressed in terms of beliefs and values, and motivations) frame and guide behavior ("B") or actions (the interpretation of experience, structure, and strategy), influencing not only how negotiator's share information, but also what information negotiators believe is important, and so choose to communicate to the other in an effort to influence the consequences ("C") of the negotiation process (Barsness and Bhappu, 2004).

The emphasis of the study is not whether or not culture affects the negotiation outcomes, but more important how this happens. Accordingly, we build on the concept of cultural knowledge and when and how it is activated to explain culture's effect on the negotiation outcomes (Hannerz, 1969; Hong et al. 2000; Swidler, 1986; Morris and Gelfand, 2004; Gelfand and Brett, 2004). The negotiation process depends on communication between the parties involved; and the communication style invariably is culturally based. The cultural orientation will therefore influence the pattern of interaction. For example, in some cultures, being polite is more important than giving the right information.

Faure and Sjostedt's (1993), Brett (2001) asserts that cultural values direct attention to what issues and norms are more or less important in a negotiation process. Brett (2001) claims that the values influence negotiators' interests and priorities, while the norms define what behaviors are appropriate and therefore influence negotiators' strategies. Accordingly, culture's effect on the negotiation process is dependent on the strategies adopted and the priorities and interests of the

Figure 1. The ABC Model of Intercultural Negotiation

Assumptions (A) about Reality	Behavior (B)	Consequences (C)
Negotiators background and goals Beliefs Values Interests and priorities Social institutions	**Negotiation process** Structure of negotiation Pattern of Interaction Strategies of Interaction: Competitive, accommodative, avoiding, compromising, collaborative	**Negotiation outcomes** Integrative solutions Distributive solutions Agreement bias Lose-lose Negotiation) Winner's curse Walking away from the table
Antecedent conditions	Concurrent conditions	Consequent conditions

negotiators. The fit between negotiators' priorities and interests may generate integrative or distributive agreement. That is, the strategies adopted, which is seen in the pattern of interaction may be functional and facilitate integrative agreements, or they may be dysfunctional and lead to suboptimal agreements.
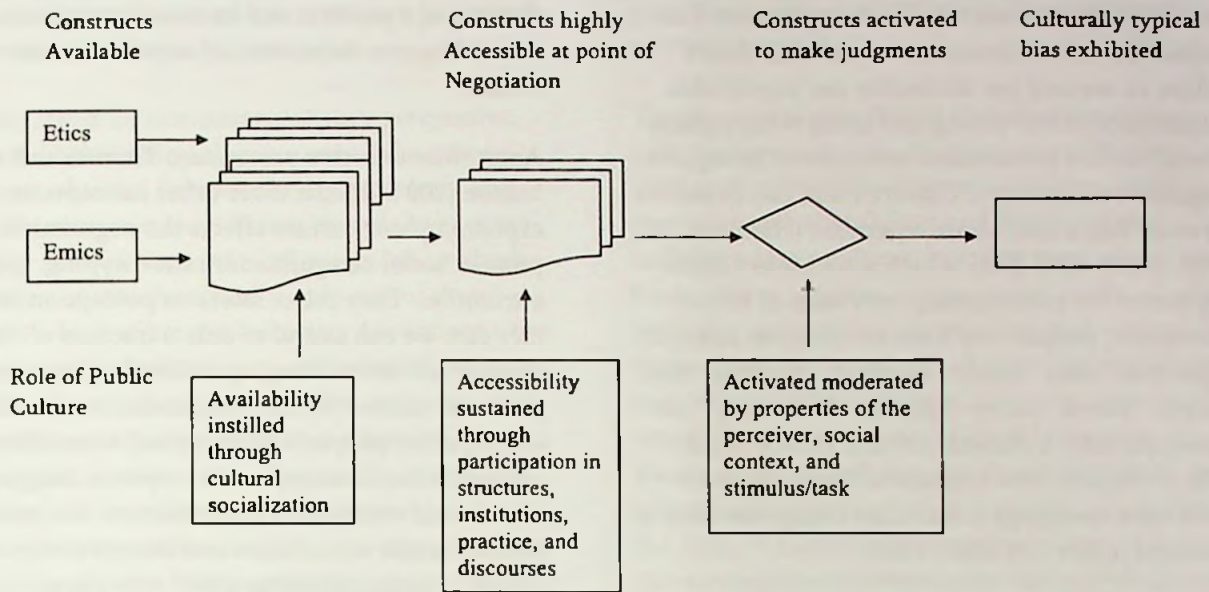
Though Faure and Sjostedt's (1993) and Brett's (2001) explanations provide a good discussion of the effects of culture on negotiation, they are incomplete as the models do not address the issue of the dynamic nature of culture. From a dynamic constructivist approach Hong et al. (2000) describe internalized culture as a loose network of domain specific knowledge structures, such as implicit theories and categories rather than as an integrated and highly generalized structure. The authors indicate that the fact that individuals possess a particular construct does not necessarily mean that it is always at work. In practice, only a small portion of an individual's knowledge comes to the fore and guides interpretation.

Similarly, Morris and Gelfand (2004) propose a dynamic constructivist model, which emphasizes

the dynamics of cultural knowledge (p.47). The authors claim that the basic constructivist approaches that have been used in intercultural conflicts and cross-cultural negotiations only show that knowledge structures that exist in one culture may not exist in other cultures. Though useful, Morris and Gelfand (2004) argue that the models do not fully explain the extent to which culture really affects the negation process. In their augmented dynamic constructivist model (Figure 2), they show that the fact that knowledge exists in one's memory does not mean that the knowledge will be used in making judgments: it has to be activated to be useful. The figure shows three points at which culture has an influence, and thus points at which cultural differences may arise:

- Which knowledge constructs negotiators have internalized from their cultural social-ization (both etic and emic factors and public institutions), or, in other words, which, knowledge structures have become available in a particular culture?

- Which knowledge structures have high accessibility as a result of frequent use, which

Figure 2. Culture and Cognition in Negotiation

| Constructs Available | Constructs highly Accessible at point of Negotiation | Constructs activated to make judgments | Culturally typical bias exhibited |

Source: Morris and Gelfand (2004, p.54).

as discussed below, is a direct reflection of their predominance in cultural institutions, public discourse, and social structures?

- Which knowledge structures are actually triggered or activated, at the negotiation table to make judgments, which is a function of the properties of the negotiator, the conflict itself, and features of the social context?

However, the Morris and Gelfand's (2004) model has some limitations, including the fact that most of the empirical support comes from post hoc reinterpretations of findings rather than from apriori tests. Furthermore, individuals can exert a certain degree of control over the tasks they take on, the contexts they enter, and the state of mind they bring to the negotiation table. That is, cultural differences do not require that a knowledge structure used in one's culture is completely unavailable in another culture; differences can also result from differences in accessibility and activation.

On the other hand, Higgins (1996) claims that though the knowledge availability, accessibility, and activation model reflects accurately the general empirical relation between the accessibility of knowledge and the likelihood that the knowledge will be used in some way, the model fails to distinguish between the activation and use of that knowledge. Higgins (1996) argues that there are variables that influence knowledge use beyond those involved in knowledge activation. Hence, Higgins (1996) asserts that it is better to define accessibility in terms of potential for knowledge activation rather than potential for knowledge use. Hong et al. (2000) alluded to Higgins' (1996) argument in their assertion that whether a construct comes to mind depends on the extent to which the construct is highly accessible (because of recent exposures). Additionally, Hong et al. (2000) did indicate that individuals can acquire more than one cultural meaning (even if these systems contain conflicting theories) but cannot simultaneously guide action.

From a behavioral decision making perspective,

Bazerman and Chugh (2006, p. 7) proposed the idea of "bounded awareness" of negotiators. They define "bounded awareness" as an individual's failure to see and use accessible and perceivable information while seeing and using other equally accessible and perceivable information to explain negotiation outcomes. Culture then, can be said to be more like a tool kit or repertoire (Hannerz, 1969, p.186-188) from which actors select differing pieces for constructing their lines of action. Obviously, people may have in readiness cultural capacities they rarely employ, implying that people know more culture than they use. Consequently, a realistic cultural theory should help to explain how humans actively construct their own meanings rather than being described as 'cultural dopes' (Swidler, 1986).

The revised imagery of culture as a toolkit for constructing strategies of action, rather than as a watchman directing an engine propelled by interests should direct our attention toward different causal issues other than the traditional perspectives (Swidler, 1986, p. 277). In a later study, Swidler (2001) asserts that cultures inculcate diverse skills and capacities, shaping people as social actors by providing constructive lines of action, not by modifying them into a uniform cultural type. Similarly, Freidman and Berthion Antal (2005) claim that culture should be seen as offering a repertoire of capacities from which varying strategies of action may be constructed. However, each culture provides a limited set of resources which people may use in varying configurations to solve different problems, rather than imposing a monolithic set of norms for thinking and acting. Rao and Giorgi (2006) also use the concept of cultural logic or semiotic codes, which are collectively known systems that regulate social action. However, Swidler (2001) observe that one is not constrained by internal motives, but by the knowledge of how one's action may be interpreted by others. As Rao and Giorgi (2006) have noted, it is not the inability to imagine an alternative that constrains institutional change,

but rather the latitude to get away with the framing of a problem and its attendant solution that influences the success of negotiation outcomes.

Apart from selective perception, Thomas and Inkson (2004) discuss three other concepts in explaining how culture affects the negotiation process: social categorization; stereotyping; and attribution. They relate selective perception to the idea that we can attend to only a fraction of the myriad of ever-changing stimuli the world presents to us. Social categorization involves sorting other people (and ourselves) into different categories based on appearance, speech, language, accent, and vocabulary. In attribution, we move beyond simple observation and interpretation of others to make inferences about why people might behave as they do.

The discussion above suggests that anytime we have an intercultural negotiation or conflict, two negotiations may be at play: the original conflict over resources and the meta - level negotiation over the meanings and that should define the event. The principle of bounded awareness, or culture as a repertoire of skills and the idea of selective perception in using cultural meanings can help us to understand why in some situations cultural symbols lose their force while in others they remain vibrant; or why people sometimes invest beliefs and symbols with ever increasing meaning while at other times they live with great gaps between culture and experience (Swidler, 2001, p. 22).

The examination of how and when culture is adopted or abandoned are crucial to effective analysis of cultures' effect on social action and especially in intercultural negotiations. Apparently, if people in some sense choose among diverse cultural resources and put them to use in different ways, then culture's effects may be mediated by such variability (Swidler, 2001). In the contemporary sense then, culture can drive

social change, but not in the way conventional sociological models suggest. For example, rather than pursuing enduring traditional values, many contemporary third world nations have generated powerful transformative ideologies.

Finally, from an institutional theory perspective, Garson (2006) claims that not only does culture influence human behavior in organizations, but also the reverse is true. This is because behavior is deeply rooted in and reflective of multiple contexts, of which culture is only one of those factors which affect the behavior. Accordingly, the behavior of individuals cannot be simplified into a small set of motivations. This suggests that behavior must be explained on a situational basis. In certain cases the desire for resource sustainability or the negotiation issue at hand may be more determinative in getting to outcomes than the cultural bias of the negotiation parties per se. Consequently, in spite of the cultural persistence, organizations may be willing to implement a policy in different ways depending on the context in which the organization is embedded.

Implications and Recommendations for Future Research

The first and most important point to be identified in the discussion on intercultural negotiation is the need for negotiators to be cognizant of the existence of differences in their assumptions of reality. In other words, there exist differences in value orientation which might suggest divergence of interest and priorities (individualist versus collectivist; low context versus high context; egalitarian versus hierarchical etc.). From this perspective, Cohen (1993) argues for a Model C (culturally sensitive) approach to describe culturally sensitive actors whether they be mediators or negotiators. Cohen (1993) claims that culturally sensitive actors have three main characteristics. First, these individuals are aware of the gamut of cultural differences and do not naively assume that underneath and in reality we

are all pretty much the same. Second, they perceive the potency of religious and other cultural resonances. Third, they do not take for grant that what works in one culture necessarily works in another.

Thomas and Inkson (2004) also developed the cultural sensitivity idea further into what they refer to as cultural intelligence. Cultural intelligence means being skilled and flexible about understanding a culture, learning more about it from one's ongoing interactions with it and gradually reshaping one's thinking to be more sympathetic to the culture of other people. Thomas and Inkson (2004) argue that the negotiator in the era of globalization must be flexible enough to adapt to new knowledge and sensitive to each new cultural situation that he or she faces. Accordingly, the authors claim that cultural intelligence has three interrelated components: the knowledge to understand cross-cultural phenomenon; the mindfulness to observe and interpret particular situations; the skill to adapting behavior to act appropriately and successfully in a range of situations. . This suggests that what happens at the antecedent phase (obtaining cultural knowledge to anticipate differences) and concurrent stage (practicing mindfulness and adaptive behavioral skills during the negotiation process) may have both indirect and direct effects on negotiation outcomes.

Friedman and Berthion Antal (2005), however, argue that the focus on mindfulness and adaptive skills result in only mediocre outcomes in intercultural negotiations. Friedman and Berthion Antal (2005) stressed that the adaptive strategy treats national culture as an overarching unitary phenomenon whose influence on its members is quite deterministic. In respect of the limitations of the adaptation strategy, Friedman and Berthion Antal (2005) suggest that what is needed is "intercultural competence" or 'negotiation reality' to maximize the success of intercultural negotiation outcomes. They define "intercultural compe-

tence" as the ability to explore one's repertoire and actively construct an appropriate strategy. Intercultural competence therefore involves overcoming the constraints embedded in an individual's culturally shaped repertoire, creating new responses, and thereby expanding the repertoire of potential interpretations and behaviors available in future intercultural interactions. What Friedman and Berthion Antal (2005) are proposing is an active role of the negotiator; making his cultural orientation an asset to work for him rather than being a captive of his culture (McSweeney, 2002). Further, negotiation reality provides an approach for dealing effectively with the uniqueness, uncertainty, and instability inherent in intercultural interactions among culturally complex beings and in ever changing contexts. Negotiation reality therefore avoids the ethnocentrisms and paralysis inherent in simply accepting cultural differences.

Indeed, the negotiation reality idea suggested by Friedman and Berthion Antal (2005) is similar to Matejovsky's (2005) concept of self-discovery, which indicates that one must have a conscious understanding and insight into his own culture. This self-discovery process consists primarily of identifying the shared assumptions, patterns of behavioral norms, and communication preferences within one's culture. It is only after this discovery that one can fully appreciate the convergence and divergence that occurs when different cultures meet. As noted by Bennett, (1998) '...it is only when we accept the differences that we can go further to understand, appreciate, and respect it.'

Like Friedman and Berthion Antal (2005), Bennett (1998) asserts that negotiators need to go beyond "adaptation" to what he described as "integration", where people are inclined to interpret and evaluate behavior from a variety of cultural frames of reference, so that there is never a single right or wrong answer. Unlike the resulting paralysis that may occur with adaptation, people that get to the

integration stage are capable of engaging in contextual evaluation. Similar to the integration idea, Rao and Giorgi (2006) argue for 'efficient negotiators' who they described as institutional entrepreneurs. These institutional entrepreneurs exploit the pre-existing logic within the social system or import a logic from a different domain. From the concept of institutional entrepreneur, we use the concept of cultural entrepreneur to capture negotiators' sensitivity to the environment in which they find themselves and the desire to always look for opportunities to expand their cultural repertoire so as to create meaning and value for both parties. The success of the cultural entrepreneur will therefore be dependent on his ability to "frame" the negotiation issue or challenge in such a way that the negotiator's interests, values, beliefs, and activities are congruent and complementary (Snow et al., 1986).

In framing the negotiation issue, however, other variables, including economic, political, and social conditions must be conducive to the frame that is developed. Framing strategy therefore recognizes that the benefits from interdependent relationships are greater when conflict is managed constructively (Deutsch, 1973). Factors that can influence the framing strategy or reduce the influence of culture include the social class of the negotiators, the nature of the problem, and the presence of trust (Gannon, 2004). Obviously, the similarities in social class or occupational similarity may diminish the influence of culture. Likewise, the nature of the negotiation problem may minimize the importance of cultural differences. Other studies also suggest that the faster trust can be established between the negotiation parties, the lower the effect of culture on the negotiation process (Hefferman, 2004; Jarvenpaa, Knoll, and Leidner, 1998).

Kimmel (1994) asserts that trust and good faith will only develop when negotiators treat each other as equals. The recognition and respect that emerge when negotiators genuinely feel they are equals

provide a foundation upon which they can begin to debate and collaborate regardless of major differences in their subjective and common cultures. Writing on the importance of trust in cross-cultural relationships, Johnson and Cullen (2002, p. 335) state that '...without trust, the incentive for exchange would be absent." In short, the cultural entrepreneur is able to create value by being able to unbundle issues to find trade-offs when necessary, to bridge issues by reframing them to allow agreement, and to generate contracts (Thompson, 2006). What emerges from the preceding discussion is that there are multiple cultural spheres of influence which interact in ways that can provide competitive advantages or disadvantages. Thus, any cross–cultural negotiation has potential for cultural threats and opportunities.

Building on the constructivist, social movement theory, and institutional theories, the paper has proposed a general model of how culture might affect the negotiation process. However, what the paper has offered is only a general framework. The study therefore has many implications for future research. First, as indicated in the ABC model, culture is either an independent variable that produces a number of effects on a negotiation or a dependent variable mainly produced during the interaction or negotiation process. More theoretical insights and empirical studies are therefore needed to explain when and how culture affects the negotiation process.

Second, the literature has focused on the problems associated with intercultural negotiations and very little on the benefits that the differences can bring to the negotiation table. Consequently, more research needs to be done to show how cultural differences can help improve negotiation outcomes. Future research should be directed at developing both dynamic and multi-level models of culture (individual, interpersonal, within the social contexts, institutional, national, and international levels) to examine their differential impacts, if any, on the negotiation process

Conclusion

The paper examined two main aspects of culture; first, as a dynamic concept, and second, as both a barrier and a bridge in cross-cultural negotiations. The discussion leads us to conclude that what is different is not necessarily inferior and what is familiar is not always the best. We argue that while the development of intercultural competence may be difficult to learn and apply, when we accept the boundedness of our rationality and awareness, we will be more willing to open ourselves to self discovery to minimize intercultural differences in negotiations.

The basic argument of this paper is that anytime we have an intercultural negotiation, inherently, we have two negotiations: the original conflict over resources and the meta-level negotiation over the meanings that should define the event. In this paper, we propose a dynamic model of culture from which we developed the concept of cultural entrepreneurship to explain how success in cross-cultural negotiations can be enhanced. There are three main assumptions underlying the above mentioned concepts. First, individuals are active but not passive participants in creating and managing culture. Second, it is only when we look beyond our own borders to other cultures where different beliefs and practices have long cultural traditions, that we will be better able to understand our own culture. Finally, the meaning of negotiation cannot be fully understood unless it is interpreted in the cultural context in which it occurs (Faure and Sjostedt, 1993).

Evidently, there is no simple answer to the question of the factors that affect negotiation outcomes. However, we have argued in this paper that culture has a distinct influence on the negotiation process and outcome. More important, we have argued that focusing on cultural differences as conflicts during the negotiation process robs us of the opportunity to benefit from cultural diversity, especially in an environment where

negotiators are willing to cooperate to compete during the negotiation process. Diversity of ideas as related to cultural differences can lead to innovation and hence the opportunity for creating and claiming value for both parties and subsequently the possibility for integrative solutions in cross cultural negotiations.

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THE STATUTORY AUDIT – UNDERSTANDING THE LEGAL DUTIES AND RESPONSIBILITIES OF THE AUDITOR PART II

B. Omane-Antwi

Abstract

Fundamental to the auditor's consideration of risk, is the fact that the auditor can be sued by the client under contract law (professional negligence, failure to spot a material fraud etc.) or by a third party in a tort. The auditor's liability springs from the general principle of law that where a person is under a legal duty to take such care, whether imposed by specific contract or otherwise, the failure to exercise reasonable standard of care will make that person responsible for any resultant damage or loss to those to whom the duty is owed.

What conduct satisfies the standard of care required will, in any particular case, depend entirely upon the circumstances. The general degree of skill and diligence demanded of, and attained by auditors today is unprecedented. The question as to whether an auditor is or not guilty of negligence in any particular case, is largely determined by reference to the standard to which contemporary members of the profession conform.

This part (Part 2) of this article makes compelling arguments for the need to understand auditor's legal duties and responsibilities as regards fraud. It provides concluding thoughts on the subject matter. We advance various arguments and proposals for enhancing the image of the statutory auditor.

The Auditors' Responsibility for Detection of Fraud

The Ghana National Auditing Standards (GNAS) defines fraud as the "intentional misrepresentation