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Religious belief and international business negotiations: Does faith influence negotiator behaviour?

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ABSTRACT

Religious observance is widespread and continues to influence managerial behaviour in many parts of the world. However, its role in international business negotiations has not received much scholarly attention. This study explores some of the key ways in which religious belief shapes negotiation behaviour. Focusing specifically on the Islamic context, and drawing on interviews with 27 religiously observant Muslim managers in Malaysia, the study found that commitment to a common religion among negotiators positively influenced certain components of the negotiation process through, for example, the use of religious/emotional appeal, which emphasised their 'spiritual camaraderie'. In some instances, however, we observed something of a paradox, whereby differing religious beliefs among negotiating counterparts were claimed to actually enhance, rather than hinder, negotiations.

1. Introduction

Business negotiations conducted across national borders often pose a challenge for management practitioners, thus representing a critical step in the foreign expansion of many firms. Failure to successfully navigate through the complex cultural hurdles that exist in international negotiations can delay or even thwart efforts to penetrate a foreign market (Gulbro & Herbig, 1996; Tung, 1991). Therefore, it is important for international business (IB) negotiators to prepare themselves for the cultural differences they are likely to encounter abroad.

IB scholars have examined the styles of business negotiators in a vast array of national settings including the Chinese (Chuah, Hoffman, & Larner, 2014; Ghauri & Fang, 2001; Wang et al., 2016; Zhao, 2000), Japanese (Graham, 1993), Korean (Tung, 1991), and Arab (Alon & Brett, 2007; Khakhar & Rammal, 2013) contexts, among many others. Comparative studies of different negotiation styles have also been common (e.g. Graham, Evenko, & Rajan, 1992; Lee, Yang, & Graham, 2006; Metcalf et al., 2006). Few studies, however, have investigated the role of religion and its influence on IB negotiations. Given that more than 83% of the global population is religiously affiliated (Pew Research Center, 2014), and that religion has significant effects on decision-making and behaviour, this is somewhat surprising. The present study offers a response to this shortcoming. More precisely, the paper provides some insight into IB negotiations in the Islamic

context, a context that has received relatively little scholarly attention in the management literature more generally and the IB literature in particular (Richardson, 2014). Furthermore, in addition to this shortage of information and understanding concerning business and management issues in Islamic societies, there is also, according to Ghorbani and Tung (2007), a degree of *misinformation* and *misunderstanding* of how Muslim-majority societies function. In light of this, and given that a number of nations in the Islamic world are beginning to play a more prominent role in IB (Weir, 2000; Zahra, 2011), it is both imperative and timely to seek a better understanding of some of the key characteristics that define this group of countries.

Before proceeding any further, it is important to say a few words about 'the Muslim (or Islamic) world', since it could be argued that these countries are simply too diverse to fall into one rather broad category. After all, religious identity is seldom used when describing or labelling other countries. For example, references to 'the Christian world' or 'the Hindu world' are hardly ever heard, yet 'the Muslim world', which stretches from the Atlantic coast of West Africa all the way to the tropical islands of Southeast Asia, is a widely used term. Therefore, it is important to briefly discuss the common ground that binds Muslim societies.

Despite the tapestry of diverse cultures that exists across the Muslim world it is also possible to observe a quite extraordinary sense of unity, which derives directly from Islamic teachings. There is no denying the central role the religion has played, and in most cases continues to play,

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in shaping the customs, beliefs, and values of each society that has embraced it. This stems in large part from the fact that, unlike in many other parts of the modern world, the chasm that emerged between the ‘secular’ and the ‘spiritual’ realms, especially following the Enlightenment, never really became a defining feature of most Muslim societies. On the contrary, these societies have by and large managed to preserve, and in many cases reinforce (Tayeb, 1997) their religion’s central place in public life despite the forces of secularism and modernism, which have succeeded in curtailing religion’s influence in the public domain elsewhere (Nasr, 2010).

In other words, religion continues to be very much a part of the public sphere and is not restricted to one’s private life. The business domain is no exception, with Islamic teachings providing various guidelines on what it regards as appropriate and ethical business practices (see, for example, Mohammed, 2013; Rice, 1999; Richardson et al., 2014). This study focuses on the specific case of business negotiations and how the Islamic worldview might influence one’s approach to IB negotiations. Hence, the study attempts to answer the following question:

How do the religious beliefs of Muslim negotiators influence the processes and outcomes of International Business negotiations?

The remainder of the paper is structured as follows. The following section provides an overview of the cross-cultural business negotiations literature. Next, we briefly discuss the link between culture, Islamic teachings and business management generally and the possible implications of these teachings for the business negotiation process specifically. The research method adopted in the study is then described before the findings are presented. We then discuss the interview findings in light of our literature analysis before rounding off with some concluding remarks.

2. Culture and international business negotiations

A paradoxical feature of the increasingly globalised, ‘flat’ world in which we live is how the *local* context continues to play a crucial role in determining the international success of firms (Meyer, Mudambi, & Narula, 2011). Variations in legal, economic, and political systems, as well as cultures (to name just a few factors) present key challenges to international firms. Among the various influences that have been raised in the literature, it is the last of these – culture – that is regarded as being the most pertinent in the field of IB by Hofstede (1994, p. 1), who defines culture as “the collective programming of the mind which distinguishes the members of one category of people from another”. The role played by culture in IB becomes particularly prominent when discussing international negotiations because negotiations revolve around such issues as communication, time, and power, which are highly susceptible to cultural forces (Ahhammad, Tarba, Liu, & Glaister, 2016; Luo & Shenkar, 2002; Phatak & Habib, 1996; Requejo & Graham, 2008).

Weiss (1993, p. 270) defines IB negotiations as “the deliberate interaction of two or more social units (at least one of them a business entity), originating from different nations, that are attempting to define or redefine their interdependence in a business matter”. With participant firms and managers coming from distinct cultural, legal, and ideological backgrounds, the IB negotiation is arguably more complicated than domestic business negotiations (Luo, 1999; Malik & Yazar, 2016). Therefore, the ability to effectively communicate messages and thoughts across cultural boundaries becomes a vital asset. Such ability is not, however, universal and therefore the international business negotiation is often portrayed as being especially troublesome for the managers involved. Nevertheless, as economies around the world become increasingly interconnected and interdependent, business negotiations that take place across borders and cultures are becoming more commonplace.

While many IB negotiations succeed (Sheer & Chen, 2003), the

failure of many others (Gulbro & Herbig, 1996) is testament to their complexity. Although various factors may contribute to negotiation failure, cultural differences are among the most frequently cited in the literature (Oikawa & Tanner, 1992; Paik & Tung, 1999; Reynolds et al., 2003). Tung (1991, p. 37), for instance warns, “ignoring cultural differences can damage or even halt negotiations”. As a result, negotiators have been advised to prepare themselves for the particular styles and patterns of potential foreign counterparts (Tung, 1989). In some instances, firms even equip their negotiating teams with a ‘cultural moderator’, that is, someone from the same cultural background as their counterparts in the negotiation (Wilken, Jacob, & Prime, 2013).

According to Weiss (1994), every negotiator belongs to a certain group or society that has its own particular ‘script’ for social interaction and behaviour, including the negotiation process. The Chinese negotiation style, for example, typically reflects that culture’s Yin Yang thinking (Fang, 2005–2006, 2012). More precisely, Chinese negotiators are characterised by their paradoxical value and behaviour orientation, whereby one may go from being, for instance, indirect and highly formal in one context or time to expressing opposite values (directness and informality) in another context or time (Fang, 2003; Faure & Fang, 2008). American negotiators, meanwhile, tend to reflect their culture’s monochronic understanding of time, thus often minimising introductory ‘small talk’ in order to get down to business as soon as possible (Graham, 2003). This is in stark contrast to negotiators in East Asia (Tung, 1991) and the Arab world (Alon & Brett, 2007; Khakhar & Rammal, 2013), where a polychronic perception of time is the norm, and where the preliminary stage of negotiation is perceived as hugely significant as it provides an opportunity to establish trust and familiarity with one’s counterparts. In short, when the ‘cultural codes’ of negotiators differ, establishing credibility and trust – critical ingredients for negotiation success – becomes problematic (Usunier, 2003).

2.1. The Islamic context

Over the last couple of decades, there has been a growing interest among practitioners and scholars concerning how Islamic perspectives on business and management can be better understood and applied in the modern world (Abeng, 1997; Ali & Al-Aali, 2015; Ali, 2005, 2010; Beekun, 1997; El Garah et al., 2012). These and other authors highlight the fact that in Islam, guidance (*hidayah*) to the right course of action in every human activity comes ultimately from one single and eternal source, namely God (Naqvi, 1994). As a result, the domain of business is, like every other human activity, guided by Islamic teaching. The spread of *Islamic* banking, investment, and finance around the world in recent times is indicative of this, though trade and commerce have in fact played quite a prominent role throughout Islamic history and have been important components of the lives of many of the tradition’s leading figures, including the Prophet Muhammad himself.

In addition to the ‘macro’ activities of banking and finance, Islam also has much to say about more ‘micro’ matters, such as workplace relations (Richardson et al., 2014), human resource management (Ali, 2010; Hashim, 2010), and entrepreneurship (Gümüşay, 2015; Tlais, 2015). Some authors have even described Islam as an ‘entrepreneurial religion’ (Gümüşay, 2015; Kayed & Hassan, 2010) given its keen interest in such matters. While some recent studies have looked at the link between spirituality, ethics and negotiations (Yadav, Kohli, & Kumar, 2016), one area that has not been explored in great depth by scholars is the potential association between Islam (and religion in general) and the business negotiation process. Our paper seeks to address this shortcoming.

3. Methodology

Given the exploratory nature of the study, a qualitative methodological approach was adopted (Harvey, 2011; Daniels & Cannice, 2004).

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