Research report

HOW TO OPTIMIZE NEGOTIATION, BETWEEN DUTCH AND TURKISH BUSINESS PARTNERS, FROM A CULTURAL PERSPECTIVE.

JOANNA STEFFENS
Introduction
As I have experienced during my four years at AMFI the fashion industry is always seeking the newest trends and developments, expanding their business to foreign countries and collaborating with foreigners. Business cultures worldwide are connected by internationalisation. Of course, especially for the fashion industry, it has been a tendency to outsource manufacturing overseas as this provides access to labour that is cheaper, more efficient and often of great quality (‘O Brian, 2014). After studying cross cultural business studies as a minor I have uncovered that unfortunately these international negotiations often prove to fail due to cultural differences.

In order to establish sensible international trade relationships, awareness of cross-cultural differences cannot be left out. As I have experienced during my internship as a buying assistant at Coolcat, negotiations with foreign suppliers are carried out by those in middle-management, the fashion buyers. Their knowledge on cultural difference is probably minimal as they have not been schooled or trained in this area which leaves them no choice but to improvise during negotiations. When approaching or negotiating with foreign suppliers it is important to collect a proper amount of information about their cultural differences and gain knowledge on how to deal with these differences beforehand (Schroeveens, 2015), in order to understand their business culture and establish a good trade relationship.

Since 2014 the EU and Turkey introduced the ATR certificate, used for entitlement to zero duty rates for import and export between the EU and Turkey (Rabobank, 2015), handing them a power position compared to the east for apparel export to the EU. This has made it possible for Turkey to become the EU’s number two ready to wear supplier and number one textile supplier (Bosscher, 2014). They are also closer and therefor more convenient for Dutch fashion companies compared to other foreign apparel suppliers like India or China. Turkey has become the third largest import country for Dutch fashion (Jaarsma, 2013), providing a full package of integrated services; from cotton to yarn, textiles, clothing, dyeing and finishing. They also offer a large variety of designs and colours, quick response, just-in-time delivery and fine workmanship. All of the above makes Turkey one of Netherland’s most valuable suppliers.

Questions
As explained, Turkish suppliers nowadays play a huge role in the buying process for Dutch fashion buyers. Their relationship is therefore highly important to optimize negotiation results. The following main question to this research reads:

“How can Dutch fashion buyers improve communication and optimize bargaining results with their Turkish suppliers?”
Sub questions

- How does culture effect the negotiation process between international business partners?
  - What is the negotiation process?
  - What is culture?

- What are the predominant characteristics of the Dutch and Turkish business culture?
  - What are the goals and expectations of both cultures during a meeting?
  - What are the goals and expectations of both cultures during negotiations?
  - What values are significant for these cultures?

- Where do the pitfalls lie for Dutch fashion buyers when bargaining with their Turkish suppliers?
  - What are the theoretical differences?
  - What are the practical differences?

- What are the topics of discussion during negotiations between a fashion buyer and supplier?

This research focuses on the negotiation process from a cultural point of view. It will uncover the possible obstacles Dutch fashion buyers face during negotiations and help them anticipate the Turkish business culture to avoid cultural clashes and maintain a strong relationship.

Particular focus will be on the substance discussed during the negotiation process between a buyer and supplier. With the knowledge gained during this research I aim to create an advice report for Dutch fashion buyers, offering instructive guidelines on how to improve their bargaining results with their Turkish suppliers.

Methodology

This research will approach Dutch fashion buyers with the aim of improving their cultural knowledge to optimize negotiations with Turkish suppliers. By highlighting the similarities and differences between these cultures I hope to gain new insights on how to minimize conflict and confrontation.

To improve on bargaining results it is necessary to understand the concept of culture and the influence this has on the bargaining process. For this I have dissected the bargaining process in three different elements; process, substance and behaviour (Saner, 2000), to create a clear and uncomplicated perspective. These elements will be extensively elaborated in this research as these form the foundation of my advice to Dutch fashion buyers.

Furthermore, to define predominant differences and discover potential communication barriers, these cultures are compared by means of the theoretical classification method.
By means of analysing websites like Globe Smart, Executive planet, ING publications and the Turkish embassy both cultures are analysed according to their business culture and general values. Next to this the cultural dimensions of the following culture theorists have been analyzed; Geert Hofstede, Fons Trompenaars, Charles Hampden, Richard Gesteland and Erin Meyer. I juxtaposed these theories and found a fair amount of similarities which led me to choose one singular theorist; E. Meyers to thoroughly analyse both Dutch and Turkish behaviour. Her division in behaviour was the most comprehensive and appropriate to my research. To conclude my theoretical research, both cultures are processed in a table and culture map, separating their behaviour according to E.Meyer’s method.

Furthermore, to focus on the fashion related business between these parties the complete buying process formulated by Abhishek Kumar has been analysed. Here I have selected the elements of the process that include negotiation with the Turkish supplier. To be able to further elaborate on these elements in my advice I have identified the substance discussed within each element by conducting interviews with Sabine Disveld, Patricia Datau and Joy Roeterdink, all Dutch fashion buyers with experience in doing business with Turkish suppliers. I have also talked to Caronlina van Gerven, Guido kerssens and Sander Schroevens about Turkish suppliers. Finally, I have interviewed Gulser Işık and Sibel Uygun, both Turkish suppliers that have daily contact with Dutch fashion buyers. This exploratory research has offered a subject-oriented view on the business conducted between Dutch fashion buyers and Turkish suppliers.

Chapter one; Basic theories
1.1 Culture theory
To explain the cross cultural communication issues in this report it is necessary to clarify precisely what we understand by the term culture. Several different approaches exist to the study of culture, all of which have been researched and compared during my process. To specify the term culture, I will be employing the functionalistic approach to the study, known to be adopted among others by Erin Meyer and Geert Hofstede.

This approach is chosen as it focusses on values and cultural differences as a starting point to the study of human behaviour. In my advice, following this research, I will focus on how Dutch fashion buyers should adapt their behaviour toward Turkish suppliers by keeping their cultural values and differences in mind.

According to his book “Cultures and Organizations: Software of the Mind” (2010), human culture is the result of hundreds of thousands of years of evolution. During this time, competition has been a powerful drive for our evolution, resulting in a growth of our social and intellectual skills. We had to fight for dominance, competition for partners, a wish to belong and to know who does not belong, and we still do. Culture revolves around basic issues that have to do with group membership, authority, gender roles, morality, anxiety, emotions and drives.

To conclude, culture is what enables a group to function smoothly on prominent levels. The difference in culture and therefore behaviour between Dutch fashion buyers and Turkish suppliers creates barriers, causing basic issues to interfere or completely barricade the
communication and negotiation process. This emphasizes the importance of cultural knowledge among all business people operating internationally, including Dutch fashion buyers.

1.2 Communication process
The concept of business communication is the most important aspect in international negotiations. As Dr. D. Ashalatha (2015) describes, communication is a circular process of interaction involving a sender, receiver and a message. As visible in image 1, the focus in my research will not lie on these three basic factors, but rather on the way in which the message is formulated and then interpreted between the sender and receiver.

![Circular communication process](image)

Effective communication between Dutch fashion buyers and Turkish suppliers can be challenging considering the added complications of cultural difference. Culture is a major barrier in this cycle as it may cause the receiver to incorrectly decode the message formulated by the sender. “An individual’s personality and cultural norms affect the way a message is interpreted as people tend to selectively perceive information, and judge its relevance and importance in the context of their own perceptual preferences” (Moran, 2014). As highlighted in image 1, Formulating and encoding a message determines how a counterpart receives and decodes a message. In my advice I will focus on the way Dutch buyers formulate their messages to prevent misinterpretations from the Turkish suppliers.
1.3 Negotiation process

To optimize bargaining results we need to improve the negotiation process. Negotiation in the purchasing process covers the period from when the first communication is made between the fashion buyer and supplier through the final stage of delivering the products in house (About money, 2016). The parties involved in this report are as mentioned before Dutch fashion buyers and their Turkish suppliers. A fashion buyer’s prime job involves selecting, ordering and the delivering garments for their retailer. As retrieved from interviews with local fashion buyers, negotiation between these parties occurs on a daily basis and is therefore a substantially important part of the fashion buyer’s job. Both parties have to work together to achieve one mutual goal, which is to sell as many garments as possible to their customer base. This is why establishing a strong business relationship is both necessary and beneficial for successful negotiations.

As Raymond Saner (2000, p 40) claims, negotiation involves three basic elements: process, behaviour and substance visible in image 2. The process refers to how the parties negotiate: the context of the negotiation, the parties to the negotiations, the tactics used by the parties, and the sequence and stages in which all of these play out. Their behaviour, which is culturally influenced, refers to the relationship and communication between both parties. And finally, the substance, refers to the topics discussed during their negotiations. These topics remain the same irrespective of the supplier’s origin, but the negotiation process and behaviour may be extremely different as these can be culturally influenced.

Each elements of the negotiation process will be further elaborated in this chapter as they form the basic structure for my advice report.

![Image 2: Negotiation elements](image2.png)

1.3.1. Process

The process revolves around the different parties, tactics and style of negotiations as visible in image 3 In this report the negotiation parties are a fixed factor, the tactics and style can be adjusted according to the nature of their relationship and culture.
One common distinction used by negotiation theorists to identify the general tactics of negotiation concerns the distribution of gains (Brazeal, 2009).

For optimal bargaining results Dutch fashion buyers must adopt the integrative negotiation tactic during the process as principled negotiations provide a solid platform for successful agreements that add value to both parties which is what their business relationship is about.

Style
There are five main negotiation styles that deal with conflict differently (Long, 2013).

### Integrative
- Interest based, principled based
- Create value during course
- Focus on underlying interests of both parties
- Problem solving
- Win/Win

### Distributive
- Positional, hard-bargaining negotiation
- Distributes fixed amount of value
- One person's gain results in another's loss
- Win/lose
In addition, Dutch fashion buyers must strategically choose a negotiation style appropriate to reach their mutual goals. When, for example, negotiating the price of a product, Dutch fashion buyers prefer to adopt the competing negotiation style (Disveld, 2016) to ensure the margins for their retailer. In this same case Turkish suppliers prefer to adopt a collaborating negotiation style as they aim to pull in as many orders as possible while optimizing returns on these orders. The preferred Dutch competing negotiation style comes across as confrontational which can lead Turkish suppliers to lean towards adopting an avoiding negotiation style as they culturally do not respond well to conflict or aggression according to Meyer (2014, p.201). This results in the Turks becoming less transparent and honest, which can diminish the deal or relationship.

To conclude, the Dutch should either pursue a collaborating or compromising negotiation style considering the Turkish business culture and the nature of the negotiation. These styles aim to create value, optimize results and maintain a strong, long term relationships during the course of negotiations (Long, 2013) which is highly appreciated by Turkish culture.

1.3.2 Behaviour
As mentioned before, behaviour is culturally influenced. This element of the negotiation model is indefinite and can be adjusted according to the Turkish supplier. As stated in Erin Meyer’s (2014) book on cultural management styles the following elements of behavior in image 4 are culturally influenced during negotiation.

![Image 4: Negotiation behaviour according to Erin Meyer](image)

The element of behaviour in both the Dutch and Turkish will be further elaborated in Chapter 2 and 3 as the advice to Dutch fashion buyers will be on how to behave during the negotiations on the following substance described in 1.3.3.
1.3.3 Substance

The substance, refers to the topics discussed between a fashion buyer and their supplier. Abhishek Kumar (2012) has visualized the buying process in his research on fashion buying, visible on p.82 of the process book. Image 5 is a selection of elements from the buying process that include negotiation with the supplier. Also mentioned in image 5 are the subjects discussed on each element derived from a conducted interview with Joy Roeterdink. In my advice report to Dutch buyers I would like to give an advice on how to culturally adapt their behaviour during negotiations on these topics to successfully achieve their goals.

Image 5: Buying process between buyer and supplier

The substance negotiated between these parties remains definite, meaning these topics are standard and negotiated on a daily basis. In the advice report I will advise Dutch fashion buyers on how they should behave during negotiations, particularly on these topics.

Chapter two; Cultural Characteristics

Each individual’s culturally moderated behaviour can be adapted by anticipating the differences of the opponent’s cultural values. Therefore, this chapter will focus on the general cultural characteristics of both parties to understand their predominant cultural values, business meeting etiquette and negotiation styles. This will improve communication as this is the basis for judging whether actions are considered “right or wrong” (Moran, 2014). The following culture descriptions are a summary derived from Globe Smart, an online resource, developed through extensive research and in-depth interviews with business professionals around the world providing reliable information on how to conduct cross cultural business. I have also incorporated information derived from Kist’s article (2015) on Dutch culture according to E. Meyer.
2.1 Dutch culture

Meeting
Dutch meetings are pragmatic and relatively non-hierarchical as they are people that quickly focus on results and responsibilities with clear action plans. During meetings, everybody may contribute and voice an opinion, whether it is positive or negative. Meetings are team-oriented, with or without the participation of senior management. The goal of meetings is consensus-building and planning. The Dutch are used to freedom and assertiveness starting from a young age and they communicate accordingly. They are quicker on first-name terms and seem less driven by protocol. The Dutch value experiment, and do not mind making tentative suggestions during meetings.

Negotiations
Negotiators tend to get right down to business, with little time for small talk or getting acquainted. The Dutch can be direct in asking what they are looking for, so a simple and direct presentation is well received. The Dutch tend to be wary of inflated claims as they are a society of concrete facts, statistics and other hard data. Despite well-defined divisions of tasks, the Dutch culture is egalitarian, which means everyone can speak up openly in negotiations. Although time efficiency is usually very important, the decision-making process may be time consuming because of their need for in-company consensus. Although this process is exceptionally slow, the Dutch will always follow through once a deal is established and the necessary paperwork is completed.

Relevant values
- The Dutch society is characterized by open-mindedness and tolerance with a flat and transparent management structure.
- The Dutch respect qualities such as straightforwardness and honesty. In this culture, bluntness is preferred to deceptiveness or evasiveness.
- Punctuality and a respectful use of time are generally appreciated.
- The Dutch professional credibility is based on academic background, professional qualifications and reputation.
- The Dutch are not afraid to give negative feedback.
- The Dutch can be pragmatic, and as such deviate from fixed procedures.
- To discuss business details during lunch or dinner is quite normal.
- Socializing mainly happens after a good working relationship has been established between parties.
- Too open displays of wealth are generally distrusted, partly due Calvinistic background.
- Dutch are allowed to make jokes, while being serious.
- Dutch women have a strong position in society.
- Respect and status are very much based on performance.

2.2 Turkish culture

Meeting
Formality plays an important role in doing business in Turkey as they have great respect for rank, education and authority. During meetings it is respectful to address a Turkish
professional by his or her occupational title as they respect hierarchy. First meetings always concentrate on relationship-building. Personal relationships and mutual trust are highly rated. It is considered extremely rude to get straight to business without exchanging a few friendly words first.

The Turks willingness to do business depends on their trust and conviction that they could develop a long lasting relationship not only with your company but also on a personal level. Seniors and top-management make the decisions. However due to a strong sense of collectivism and consensus the decision maker often considers the group involved in that decision. The Turks communicate indirect with a selective flow of information as they always try to avoid confrontation.

**Negotiation**

Negotiating with Turkey may take a great length of time as debates tend to be lengthy and interruption may slow the process down. The Turkish put more trust in people and relationships then contracts, bureaucratic procedures and international regulations. During negotiation, it may not always be necessary to focus on financial benefits. It is just as useful to point to areas such as prestige, influence, honor, respect and other non-monetary incentives.

The Turkish are indirect as they are much more sensitive to criticism and prefer to avoid confrontation. Prior to entering negotiations in Turkey, you should know your bottom-line figure. You will then need to add a percentage to this figure, making the price seemingly expensive. This is done as concessions are expected: they show compromise and a willingness to put the relationship first.

Be patient when negotiating on financial terms, as it may take some time to mutually agree on a point. It is not advisable to use deadlines or pressure tactics in this case as the Turks may use this to their advantage and reverse the tactic by threatening to cancel agreements or end negotiations.

**Relevant values**

- For Turks status depends not so much on performance but on age and seniority
- Turkey is ranked among countries were time is perceived as polychromic and where time pressure is low. Deadlines are less dominant and people prefer to undertake more tasks at the same time.
- To avoid unpleasant surprises, the best strategy is to keep constant contact with your Turkish counterpart.
- Turkish culture is a vertically collectivistic, meaning that emphasis is placed on equality and participation within the collective.
- To Turks the patron/boss is very much seen as a father like figure with in-depth knowledge of the personal circumstances of his staff.
- For Turks business is personal and many businesses are still family owned and run.
- The Turks see eye contact as a sign of sincerity.
- Knowledge is often implicit and less formalized and standardized.
- The Turks are open in sharing and revealing personal information to show honesty and interest.
- To Turks, establishing relationships based on mutual regard and trust is essential to successful business dealings

Chapter three; Cultural Analysis

Many experts have created different models and patterns to analyze cultural behavior. During the process in Chapter 3, I have analyzed and divided both cultures according to existing cultural theories and dimensions. This helped me to understand and divide both cultures according to Erin Meyer’s comprehensive division in behavioral scales in image 6.

<table>
<thead>
<tr>
<th>Scales</th>
<th>Netherlands</th>
<th>Turkey</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communicating</td>
<td>Low-context</td>
<td>High-context</td>
</tr>
<tr>
<td>Evaluating</td>
<td>Direct</td>
<td>Indirect</td>
</tr>
<tr>
<td>Persuading</td>
<td>Principals first</td>
<td>Application first</td>
</tr>
<tr>
<td>Leading</td>
<td>Egalitarian</td>
<td>Hierarchical</td>
</tr>
<tr>
<td>Deciding</td>
<td>Consensual</td>
<td>Top-down</td>
</tr>
<tr>
<td>Trusting</td>
<td>Task-based</td>
<td>Relationship-based</td>
</tr>
<tr>
<td>Disagreeing</td>
<td>Confrontational</td>
<td>Avoids confrontation</td>
</tr>
<tr>
<td>Scheduling</td>
<td>Linear-time</td>
<td>Flexible-time</td>
</tr>
</tbody>
</table>

Image 6: Erin Meyer’s Cultural scales

3.1 Culture map

The eight scales in image 7 are based on E. Meyers (2013) academic research into culture from multiple perspectives. This map shows her score division of Dutch and Turkish business culture, visualizing the cultural gaps in their behaviour. Mapping these cultural differences exposes potential pitfalls, which makes it possible to anticipate miscommunications.
3.2 Critical differences
The critical differences below are explained using Erin Meyer’s book “The culture map” combined with my own findings and knowledge gained during the process.

Communicating
The Netherlands is an extremely low-context culture, their communication is explicit, simple and clear. The Turkish communication on the other hand is much more nuanced, layered and sophisticated. During high-context communication more is left to interpretation of the message. It is noticeable that the Netherlands is an extremely low-context culture, this cultural gap explains the communication difficulties mentioned during my conversations with Dutch fashion buyers as they mention to perceive the Turkish as vague and unorganized.

Evaluating
The Dutch are very direct in providing negative feedback or criticism, they are very blunt and honest, and may do this in front of a group. This often comes across as arrogant and rude to
the Turkish as they prefer to approach their counterparts indirectly or in private. The Dutch have to keep this in mind to maintain a good business relationship.

**Persuading.**
The Dutch lean more towards the practical application first approach to persuasion. They preferably focus on how things are done and quickly accept the facts, opinions or statements made. Discussion on the added concepts or explanation of the conclusion is questioned later. In contrary, the Turkish prefer to understand the basis and significance of the framework before they move to the application. The Turkish need to see the bigger picture in order to be able to persuade them.

**Leading**
The Netherlands has one of the most egalitarian cultures which often leads to misunderstanding among the Turks that are not used to proclaim orders without higher consultation. As the Turkish appreciate hierarchy, seniority and authority must be respected during business.

**Deciding**
The Netherlands is a highly consensual culture, where decision making may take quite a long time, since everyone is consulted. But, should be noted that once the decision is made, the implementation is quite rapid and inflexible. In this scale the Turkish culture remains in the middle as seniors and top-management make the decisions, however due to a strong sense of collectivism the decision maker often considers the group involved.

**Trusting**
The trust that the Dutch have in their business partners is based on business-related activities. They separate affective and cognitive trust, and rely mainly on cognitive trust for work relationships. Work- and personal relationships are clearly separated. On the contrary, in Turkey establishing a relationship based on mutual trust is essential. It is important to invest time in the relationship on both a personal, and professional level. Building a relationship with your Turkish business partner should be personal through sharing meals, evening drinks or conversation to establish their trust.

**Disagreeing**
The Netherlands is extremely confrontational when it comes to disagreement and debate. Open confrontation is appropriate to them but can negatively impact the relationship with the Turks, as they are conflict-averse. They perceive disagreement and debate as negative for the team or organization, to avoid confrontation they prefer not to mention their mistakes, hoping to go unnoticed. To the Dutch this might be perceived as dishonesty.

**Scheduling**
According to E. Meyers culture map Turkish suppliers are very flexible in their time scheduling, placing less emphasis on punctuality and are more inclined to miss deadlines. They appreciate flexibility in time scheduling for meetings and deadlines. The Dutch are on the contrary very linear in their scheduling which can cause friction between these parties. It is necessary for Dutch buyers to continually point out their priorities in the agenda to keep their Turkish suppliers on their timing schedule.
Summary

In this research I focussed on all the elements of negotiation between a fashion buyers and a supplier. All the elements have been dissected and elaborated upon to answer the following question:

How can Dutch fashion buyers improve communication and optimize bargaining results with their Turkish suppliers?

Dutch buyers and Turkish suppliers work together to achieve one mutual goal, which is to sell as many garments as possible to their customer base. For both parties to reach a beneficial outcome they have to communicate and negotiate. The Dutch can improve communication and optimize their bargaining results by adapting their negotiation process and culturally influenced behaviour to the Turkish culture.

Dutch fashion buyers could use a targeted negotiation plan concerning the topics discussed during the buying process with Turkish suppliers to reach optimal communication, as their cultural behaviour is radically different. Based on the diagram in image 8 I will be able to give Dutch fashion buyers uncomplicated advice on how to adapt their process and behaviour according to the standard substance discussed during negotiation.

The negotiation substance will be the centre point of my advice. All topic discussed between a Fashion buyer and supplier will be highlighted with an explanation on how to adapt their behaviour, to complement each particular topic.
Image 8: Summarizing overview of research.

Image 8 is a schematic overview of my total research. First I have analysed the negotiation process. Raymond Saner describes in his book “The expert negotiator”, that this consists of three elements; the process, behaviour and substance. During the process the fashion buyer can adapt a certain negotiation style or tactic, which has an effect on the final results. A standardized style and tactic adapted to the Turkish culture should be introduced to minimalize the chance of miscommunication. To research the element of behaviour I have
chosen to use E. Meyer’s cultural behaviour model to see on what levels behaviour affects the way the Dutch fashion buyer formulates a message or how the Turkish suppliers receives this. Finally, the substance of negotiation between a fashion buyer and supplier remains unchanged and will stand as a constant factor in my behavioural advice towards Dutch fashion buyers.

References
About money, 2016, Negotiation in the purchasing process, February 5, From: http://logistics.about.com/od/tacticalsupplychain/a/Negotiations.htm [retrieved 2 March 2016]


Dr. D. Ashalatha, 2015, *Concept of communication*, Professor and Head Department of HAS.


*Kist, R., 2015, Te lomp, veel te direct en moeite met autoriteit, NRC, 3 February.*


Schroevens, S., 2015, *TXTBK Cross cultural business studies*